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PLO, Yemen conditionally welcome conference

SANAA (R) — President Ali Abdullah Saleh of Yemen and Palestine Liberation Organisation (PLO) Chairman Yasser Arafat said Sunday they welcomed a Middle East peace conference provided it guaranteed the national rights of Palestinians. Radio Sanaa said. The radio said Mr. Saleh and Mr. Arafat stressed that the peace conference should "aim to achieve the right to self-determination and to establish the Palestinian state with Al Quds as its capital." Egypt, Syria, Jordan, Lebanon and several other Arab countries have accepted U.S. Middle East peace proposals and a joint U.S.-Soviet call for a conference to be held in October. Radio Sanaa said President Saleh and Mr. Arafat "stressed the need to involve the principle of land for peace... and the PLO participation (in the conference) as the sole legitimate representative of the Palestinian people." It quoted Mr. Saleh as saying "any compromise over the holy Al Quds... is considered as a conspiracy against the Arab Nation and the Islamic sanctities."

Algeria concerned over W. Sahara

ALGIERS (R) — Algeria, long a supporter of the Polisario Front in the Western Sahara conflict with Morocco on its southern borders, expressed worry Sunday about renewed fighting there and urged all sides to act responsibly. Without naming either Polisario or Morocco, which says its troops are carrying out mopping up operations against Polisario guerrillas, the Foreign Ministry said the "resurgence of the armed confrontation" would damage the climate needed to end the 16-year-long war there. The war strained relations between Algeria and neighbouring Morocco, now both members of the Arab Maghreb Union, but these were normalised in 1986 and fighting eased the next year. Since then there has been an informal ceasefire. Saying a formal U.N. ceasefire accepted by both sides was to come into effect on Sept. 6, the ministry said Algeria had "registered with profound regret the recent resumed military operations in the western Sahara after a constructive truce... It makes a pressing appeal for the region's evolution towards a future of peace."

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Iraq exempts food importers from tax

BAGHDAD (R) — Iraq, squeezed by a year-old U.N. trade blockade, Sunday exempted importers of basic foodstuffs from paying income tax. The ruling Revolution Command Council decided the exemption should last for one year, an Information Ministry statement said. It covers importers of sugar, flour, rice, oil and other essentials distributed through the government's ration system. Iraq has adopted an ask-no-questions approach to importers, who can buy from wherever they want without declaring the origin of the foreign exchange they use to finance their business. The government says it can provide only around half the basic food needs of the average family through the ration system.

Militiamen kill guerrilla in Lebanon

SIDON, Lebanon (R) — Israeli-backed militiamen killed an Arab guerrilla Sunday inside the Jewish state's "security zone" in South Lebanon, security sources said. They said Israeli-backed South Lebanon Army (SLA) militiamen hit the guerrilla with machinegun fire when they spotted him in the village of Zommarayya, which leads into the "security zone."

Atlantis lands in Florida

CAPE CANAVERAL (AP) — Atlantis swooped through a clear sky and landed in Florida Sunday with five astronauts aboard. The astronauts had released a satellite and spent more than a week in orbit conducting research to benefit future space travellers. The shuttle touched down on Kennedy Space Centre's concrete runway at 8:23 a.m. (12:23 GMT). Its arrival was heralded by its signature twin sonic booms. The mission was commanded by John Blaha.

Iran blast follows arsonist attacks

NICOSIA (AP) — A small bomb in the northern Iranian city of Rasht caused some damage to gold shops in the city's main commercial district, but there were no injuries or deaths, the Islamic Republic News Agency (IRNA) reported Sunday. The agency said the explosion in Rasht's bazaar inflicted damage to about 20 jewellery stores. The blast followed a spate of arsonist attacks in Tebriz's bazaar over the past two weeks. Four fires in the capital's bazaar, nerve centre of the city's commercial activity, have panicked merchants, Iranian newspapers have said. The attacks are believed to reflect growing resentment against merchants, who are seen by the public to be enriching themselves by driving up already staggering inflation by price gouging and hoarding scarce goods. The merchants financed the 1979 revolution, and have enjoyed a privileged status since then. But for the first time government officials have started to criticise the bazaar for evading taxes and caring only about becoming richer at the people's expense.

Mubarak discusses BCCI crisis with cabinet members

ALEXANDRIA (AP) — President Hosni Mubarak and his cabinet Sunday discussed the future of the Egyptian affiliate of the troubled Bank of Credit and Commerce International (BCCI). Following the meeting which was attended by Mr. Mubarak, 22 cabinet ministers and several senior banking officials, Information Minister Sawat Sherif told reporters: Mr. Mubarak was briefed on efforts to ensure depositors in the Egyptian affiliate of BCCI renewed all their savings. Fifty per cent of the bank's shares are owned by Egyptian interests and the rest are owned by BCCI. An Egyptian newspaper, Al-Masara, reported last Monday that 68,000 depositors in Egypt had placed \$1.2 billion with the bank, \$400 million of which the Bank of England has frozen in BCCI's British branch.

Release of 2 hostages raises hopes for all-out swap deal

BEIRUT (Agencies) — Kidnapers freed two Western hostages Sunday, setting the stage for what could be the end of the kidnap nightmare for foreigners held as political pawns in Lebanon.

While freed American Edward Tracy was being whisked to Damascus to be handed over to diplomats, U.N. Chief Javier Perez de Cuellar received a sealed message carried by former hostage John McCarthy from the kidnapers who held him for five years.

The Islamic Jihad message apparently offers to swap the 10 remaining Western hostages for Arabs held by Israel.

The release of Mr. Tracy, the first American to be freed in 15 months, leaves five Americans, two Britons, two Germans and an Italian in the hands of kidnapers in Lebanon.

A pro-Iranian political source, whose information has proved reliable in the past, told Reuters in Beirut he did not believe there would be another release until there had been some sort of action on the letter.

Mr. Tracy, freed in Beirut after

nearly five years in the hands of the Shiite Muslim Revolutionary Justice Organisation, was on his way to Germany on a U.S. air force plane on Sunday night.

He was released a few hours after Frenchman Jerome Leyraud was freed by kidnapers who vainly tried to block the release of any more Westerners after last Thursday's freeing of Mr. McCarthy.

"It makes it man born," white-haired Tracy said, struggling for words in a brief interview with Syrian Television shortly after arriving in Damascus.

"I'm really happy to see a tree, hear an aeroplane, hear an automobile," said Mr. Tracy, looking sunken eyed and gaunt.

Reacting to Mr. Tracy's release, U.S. President George Bush praised Iran and Syria for their help and suggested that Israel and others in the region release "innocents" held for political purposes.

"We call upon the governments with influence on this issue to build on this positive move and work for the release of all hos-

tages, regardless of their nationality," Mr. Bush said.

In Damascus, visiting Iranian Interior Minister Abdollah Nouri, called for Western hostages in Lebanon to be freed and said Tehran was doing all it could.

"We oppose, denounce and reject all hostage-taking actions," said Mr. Nouri, who discussed the hostage issue on Saturday with Sheikh Mohammad Hussein Fadlallah, spiritual mentor of Lebanon's Hizbullah (Party of God).

Mr. Perez de Cuellar, emerging with Mr. McCarthy from their meeting, said he had not been able to read the letter directly because it was in Arabic.

"I am not in a position to tell you what is in the letter," he said. "I am going to read very carefully what they say in their letter."

In London, a spokesman for Prime Minister John Major's office said he had sent a message to Iranian President Hashemi Rafsanjani expressing thanks for Iran's efforts in securing the release of Mr. McCarthy.

The 34-year-old television

journalist handed the large manila envelope to the U.N. secretary-general at an internationally televised ceremony on the tarmac at the royal air force base at Lyneham, 130 kilometres west of London, where he has been undergoing medical tests out of the public eye.

"It was very important as part of my mission to see the secretary-general and to hand the letter from the kidnapers to him," Mr. McCarthy told reporters after a 40-minute private meeting with Mr. Perez de Cuellar.

"They expressed their total confidence that the secretary-general was the man who could work for their interests and in the interest of humanity to ensure the release of all the hostages in Lebanon and all the prisoners in the region," he said.

"It's a great relief. I know it is in very capable hands, far more capable than mine," he said. Soon after the freeing of Mr. Tracy became public knowledge Israel appealed to Syria, Iran and

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U.S. team in Amman work on 'letter of understanding'

By Nermeen Murad
Jordan Times Staff Reporter

AMMAN — Three U.S. officials charged with drafting written assurances and guarantees on the form and purpose of the Arab-Israeli peace talks arrived here Sunday morning to discuss with Jordanian officials the details of "letters of understanding" which the U.S. will send to concerned parties along with the invitations to the proposed peace conference proposed to be held in October.

A senior Jordanian official confirmed the U.S. officials' arrival in Amman but declined comment on the talks until they were finalised.

The team, made up of Aaron Miller from the U.S. State Department, Daniel Kurtzer, deputy assistant of state for Near East affairs, and Edmund Hull of the National Security Council, met with Israeli officials and two

Palestinian leaders in the occupied West Bank before travelling to Jordan.

A U.S. embassy spokesman said the team was in Jordan "to look at unresolved issues."

The Jordanian official, who requested anonymity, told the Jordan Times that Jordan will discuss with the officials "the same principles and ideas which we have been talking about with the Americans since the beginning of the new political efforts, to broker a Middle East peace."

He did not detail these "principles and ideas" but the Jordanian leadership has repeatedly said that Jordan was committed to a just and durable peace based on a land for peace formula in accordance with U.N. Security Council Resolutions 242 and 338.

Jordan has also stressed Jerusalem's status as occupied Arab territory and insisted on having a representative from East Jeru-

salem within the proposed joint Jordanian-Palestinian delegation to the peace conference.

The three officials arrived in Israel Wednesday and met with Palesal Al Hussein and Hanan Ashrawi to discuss "several unresolved issues which were preventing a final decision on whether Palestinians would attend."

At the end of the meeting Mrs. Ashrawi told reporters that the two sides discussed "assurances and explanations to convince us of American evenhandedness in the peace process."

She declined discussing the details of the seven-hour talks saying only that they involved "procedure, points of substance and policy points."

A senior Palestinian source, quoted by the Jerusalem Post, however, said that talks were "an intensive exchange of views" in

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Arafat: No Arab-Israeli pact possible without Palestinians

PARIS (R) — Palestine Liberation Organisation (PLO) Chairman Yasser Arafat said in an interview published Monday Arab countries would not conclude a peace treaty with Israel unless it included guarantees on Palestinian rights and a compromise settlement on Jerusalem.

"I don't think the Arab countries will agree to establish new treaties like those at Camp David, leaving out Palestinian rights and Jerusalem, the Holy City of Islam and Christianity," Mr. Arafat told the French daily Le Figaro.

The Camp David accord led to a Egyptian-Israeli treaty in 1979 but failed to bring peace to the Middle East.

Asked if he was worried that Syria would be tempted to make a similar bilateral peace agreement with Israel, the PLO leader said: "I don't think so. Not without Palestinian rights."

Mr. Arafat reiterated his earlier statements that a conference without PLO representation would be an attempt to normalise Arab-Israeli relations but not a real effort for peace.

"It's a new Camp David to normalise relations between Israel and the Arab countries," he said. "With who else but the Palestinians can they make peace? With Qatar or Bahrain? Without us, there won't be



Yasser Arafat

peace."

Israel said Sunday it would not talk to Palestinian representatives named by the PLO.

Avi Pazner, spokesman for Prime Minister Yitzhak Shamir, denied reports in Egyptian newspapers that Israel would not raise objections if the PLO named the Palestinian delegation to a proposed Middle East peace conference.

"I say that this is completely untrue," Mr. Pazner said. "We have an understanding with the United States that the PLO will have absolutely no involvement

in the composition of the Palestinian delegation whether directly or indirectly."

Asked if this meant Israel rejected talks with a delegation named by the PLO, he said, "Yes."

But he declined to be drawn on whether Israel would boycott a peace conference attended by such a delegation.

The director general of Mr. Shamir's office, Yossi Ben-Aharon, denied Thursday a newspaper report that Israel would boycott such a conference.

Israel has agreed to attend a Middle East peace conference planned for October provided the Palestinian delegation does not contain PLO members or Palestinian residents of East Jerusalem.

The PLO does not insist PLO members take part but says it reserves the right to announce the delegates' names.

Some mediators have suggested an announcement by the PLO should not be an obstacle because in practice Israel would already have approved the delegates it named.

The United States, which would cosponsor the conference with the Soviet Union, says the meeting would pave the way for direct talks between Israel and its Arab neighbours and between Israel and the Palestinians in the occupied territories.

UNESCO chief in Amman killed, 2 wounded in attack by driver

By Maha Addasi
Special to the Jordan Times

AMMAN — The acting regional director of the United Nations Educational, Scientific and Cultural Organisation (UNESCO) was shot dead and two other UNESCO employees were wounded Sunday in an attack which eyewitnesses said, was carried out by a UNESCO driver.

Hamad Mohammad Al Khawad, 50, a Sudanese national, was killed when the suspected assailant, identified by eyewitnesses as driver Subhi Sukkar, burst into a barrage of shouting while attending a UNESCO meeting at the agency's regional office in Amman and opened fire.

Dr. Khawad, who assumed the post of acting regional director of UNESCO six months ago, was shot several times, according to eyewitnesses who said they escaped getting shot by ducking under tables.

"After firing one shot at Dr. Khawad, he (the assailant) left the room, but came back immediately and fired several more bullets at Dr. Khawad who was lying on the floor," said one of the eyewitnesses. A female secretary was also injured in the leg in the process, said one eyewitness who preferred anonymity.

"As the assailant turned and was again leaving the room, he came face to face with another employee and shot that person also" before fleeing, the witness said.

The two injured were reportedly in stable condition in hospital Sunday evening.

Inquiries and details of the

Crown Prince, Ensour denounce killing, offer condolences

HIS ROYAL Highness Crown Prince Hassan Sunday offered condolences to the Sudanese ambassador to Jordan over the killing of Dr. Khawad, a Sudanese national.

The Crown Prince visited the two UNESCO employees wounded in the attack which killed Dr. Khawad.

The Crown Prince also delegated the deputy director of his office to convey condolences to the family of the deceased, the Jordan News Agency, Petra, reported.

Foreign Minister Abdullah Ensour meanwhile issued a statement deploring the killing, which he described as an isolated incident with no political bearings.

Dr. Ensour noted that the possible motive for the killing was related to employment and that the assailant is believed to be deranged and said that "Jordan is a secure and stable country with no record of attacks against any diplomat."

Dr. Ensour expressed the government's deep regret over the killing of Dr. Khawad and offered condolences to the bereaved family.

He described Dr. Khawad as "a great Arab intellectual and a friend of Jordan" and noted that the deceased had extended "great help to developing education and culture in Jordan."

The death of Dr. Khawad is a great loss for Jordan, he added expressing hope that the assailant would be apprehended soon.

Frederico Mayor, director general of UNESCO, also expressed sorrow and regrets over the killing and sent a message of condolences to the Khawad family.

Interior Minister Jawdat Sbuul visited the Sudanese embassy and offered condolences to the ambassador on the death of Dr. Khawad.

suspect's movements prior to Sunday morning's attack indicated that he was apparently upset over reports that UNESCO was moving its regional offices back to Beirut and thus 30 or so of the agency's Jordanian employees stood to lose their job.

But UNESCO officials explained Sunday that none of the agency's local employees would be dismissed.

"A great deal of controversy surrounded the fact whether local UNESCO employees would lose their jobs when the offices are moved to Beirut," an official of the agency said. "What was

actually happening was that UNESCO's education office was going to be replaced by UNESCO's regional offices for culture, information and informatics and that office would in turn absorb all the local UNESCO employees," said the official who insisted on anonymity.

UNESCO officials have said that the move to Jordan from Lebanon six years ago was aimed to ensure the personal safety of the agency's staff, who were otherwise exposed to the civil war violence in Lebanon.

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U.S. tops list of biggest arms suppliers to Third World

WASHINGTON (AP) — Weapons sales to the Third World nearly doubled last year, making America the world's top arms supplier, an annual congressional report has found.

The growth in U.S. arms sales — from nearly \$8 billion in 1989 to \$18.5 billion in 1990 — was attributed to the Iraqi "threat" in the Gulf and to shrinking Pentagon budgets. These smaller budgets are forcing defence contractors to sell abroad or go under, said the report by the Congressional Research Service.

For the first time since 1983, the United States ranked at the top of the list of arms suppliers to Third World nations. It accounted for 44.8 per cent of all weapons agreements, up from 23.6 per cent the previous year, said the report, written by Richard F. Grummett, a defence expert.

This data comes as the adminis-

tration is discussing an initiative announced earlier this year by President George Bush to curb weapons sales to the Middle East by the five top suppliers — the United States, the Soviet Union, China, England and France.

The plan, discussed at a Paris conference last month of all five seller-nations, was prompted by the massive Iraqi military buildup of the 1980s which enabled its Aug. 2 invasion of Kuwait.

The Iraqi invasion, however, led to accelerated arms purchases by Kuwait's neighbour, Saudi Arabia, which also felt threatened.

The value of 1990 U.S. weapons agreements with Saudi Arabia — \$14.5 billion — exceeded the total worth of all Soviet arms deals with the Third World in the same year — \$12.1 billion, according to Mr. Grummett's data, collected from the Defence Department and other

sources.

Not all the sales with the Saudis were concluded after the invasion. About \$6.1 billion in deals were signed before, the report said.

The administration is planning to ask Congress for another massive weapons sale to Saudi Arabia of some \$14.5 billion in fighters, tanks and other arms.

If approved, the sales would be a boon for U.S. defence contractors suffering from the shrinking defence budgets of the past two years.

Similar reductions in the budgets of West European suppliers are creating intense competition for Third World markets, especially in countries which can afford to pay cash for the weapons — such as the oil-rich Gulf states.

The arms deals resulting from

(Continued on page 5)

More flights put on for Palestinians in Kuwait

KUWAIT (R) — Travel agencies, struggling to meet demand for air tickets from departing Palestinians, Sunday planned more charter flights to fly them out of Kuwait.

The Al Sawan agency said Sunday it had so far arranged for the departure of thousands of Palestinians on 27 charter flights to Jordan.

The agency has dispatched five flights to Amman since Aug. 6 when the charter operation — initially planned to last a week, got underway.

"All the planes have left packed. Demand for seats is still high and we might extend the operation beyond August," said a spokesman for Al Sawan.

In addition to the charter flights, which will fly 5,500 Palestinians out of Kuwait by the end of the month, Egyptian flies twice daily from Kuwait to Amman via Cairo.

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Iraqi law to regulate, stimulate share trading

BAGHDAD (R) — Iraq, its economy in deep depression after a year of U.N. trade sanctions, has issued a stock market law to regulate and stimulate trading in shares.

Newspapers, announcing the new Sunday, gave no date for the opening of an exchange.

"Establishing an organised stock market in Iraq has become a priority," the ruling Baath Party newspaper Al Thawra said.

The newspaper described the law, issued by the Revolution Command Council, as an attempt to stimulate the economy by channelling savings into investment.

One official urged investors to buy up shares in the tourist industry, saying they were now under-valued.

Iraqis can and do own shares at present but trading in them is either through banks as brokers or by private negotiation.

The law, Al Thawra said, grew from a new economic policy launched in 1987 and tied in with moves to create joint stock companies either in the private or the mixed sectors.

Under the Baath Party, which took power in 1969, socialist state ownership was the order of the day.

But in 1987, towards the end of Iraq's eight-year war with Iran, the party launched a privatisation programme.

Under its initial privatisation campaign, the government sold off shares in more than 70 companies, including hotels and tex-

tile, food processing and light manufacturing plants.

The crisis over Kuwait delayed further privatisation but the government revived the idea in March with the appointment of Saadoun Hammadi as prime minister.

Dr. Hammadi, a Baath Party veteran, promised economic and social liberalisation.

The government, to mitigate the effects of U.N. sanctions, had already lifted all controls over foreign trade, allowing private businessmen whatever they want from where they want with no questions asked.

Some traders have made large profits but the vast majority of Iraqis, especially those on fixed incomes, are struggling to make ends meet in the face of rising prices. Many spend all their income on food.

The dinar fetches 13 U.S. cents on the black market, less than five per cent of the official rate of \$3.2.

But there is still private money in Iraq and conspicuous consumption is evident in Baghdad's top hotels.

Against this background Hassan Abdul Munaim Khatab, director general of accounting at the Finance Ministry, advised Iraqis to buy into tourism, especially hotels.

He acknowledged that profits were now slim but added that this would change.

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Kuwait to begin drilling new oilwells in September

MANAMA, Bahrain (R) — Kuwait will begin drilling wells in September to replace those which became unproductive after being damaged in the Gulf war, industry sources in the emirate said Sunday.

A senior Western source told Reuters by telephone that five drilling rigs had been assembled north of Al Ahmadi, the hub of Kuwait's oil industry, for the programme.

"They have a very ambitious and meticulous re-drilling strategy. They will study each of the capped wells very carefully and analyse its past performance as well as the damage," the source said.

Sante Fe International, a wholly owned subsidiary of Kuwait Petroleum Corporation (KPC), would do the drilling, he added.

A senior executive of the Kuwait Oil Company (KOC) told reporters last week less than half of an estimated 640 wells set ablaze in the final days of the Gulf war would be productive once they had been capped.

Firefighters in Kuwait achieved a symbolic victory in their battle against the burning wells by putting out the last fire at Al Ahmadi Tuesday. This brought the number of burning or gushing wells capped since the war ended nearly five months ago to 285.

The Kuwait-based sources said it was too early to say how many new wells needed to be drilled.

It was also too soon to speculate on damage to the emirate's crude reservoirs, which may have

been permanently affected by water seeping into wells, they said.

"It will be years before we really know the extent of the damage — but at most we can say it may have knocked off five to 10 years of the reservoir's productive life," one source said.

The source said Kuwait's oil production was running at between 120,000 and 130,000 barrels per day (bpd), mainly from its Maqwa and Burgan fields, because this was the most that undamaged crude collection facilities in the desert could hold.

It excludes the estimated daily output of 200,000 bpd from the neutral zone which Kuwait shares with Saudi Arabia.

Kuwait produced two million bpd before Iraq's invasion on Aug. 2 of last year.

The oil sources said all of the wells which produced Kuwait's highest quality crude had blown up, which meant that the blend which was being exported at present was inferior to the pre-war crude.

Kuwait resumed oil exports for the first time since the war ended with a two million barrel shipment of crude on July 28.

Kuwaiti officials said they were hopeful production would increase to 400,000 bpd by the end of the year.

Oil Minister Hamoud Al Raqba said last month the cost of putting out the oilwell fires would be \$1 billion while total damage to the emirate's oil industry, including lost production, could reach \$75 billion.

IOM braced for possible fresh flow of evacuees

By P.V. Vivekanand
Jordan Times Staff Reporter

AMMAN — The Gulf war is over, but the crisis is far from over for many international agencies and organisations involved in efforts to cope with the human side of the situation. Among them is the International Organisation for Migration (IOM), which is maintaining its presence in Jordan to handle the outward flow of third country nationals from Kuwait and Iraq through the Kingdom.

The operations of the Geneva-based IOM, which handled the repatriation of over 170,000 expatriates from Kuwait and Iraq through Jordan and 36,000 through other neighbouring countries since the Aug. 2, 1990 Iraqi invasion of Kuwait, have become all the more essential in view of the de facto Kuwaiti expulsion of expatriates following the liberation of the emirate in late February.

(The figures do not include the 750,000 plus third country nationals who transited overland through Jordan since Aug. 2 under repatriation arrangements undertaken by their respective governments).

The League of the Red Cross and Red Crescent Societies is expecting at least

50,000 expatriates to leave Kuwait through Iraq, but there is no clear indication yet how many of them might need IOM help. A good part of them is expected to be Jordanians and Palestinians who may not require help per se, but the IOM "is keeping its doors open for those who might stand in need of assistance," said Antonios Tsakiris, chief of the Amman mission of IOM.

"There is an increase in the number of third country nationals who are leaving Kuwait through Iraq and Jordan after their employment contracts expire," he noted. "We don't know yet whether this trend will continue, but we are prepared to step in wherever we are needed."

While the number of Asians — Sri Lankans, Bangladeshis, Pakistanis, Indians and Philippine nationals — repatriated in the past two months are relatively insignificant, there is a marked increase of Yemenis and Sudanese seeking IOM help to go home, Mr. Tsakiris told the Jordan Times.

The total number of IOM repatriations was close to 300 since June 1, a majority of them Sudanese and Yemenis, he said.

In anticipation of the expected wave of requests for help, IOM has opened an

office in Baghdad. "Right now we are arranging the passage home for about 250 Sudanese and 40 Yemenis who arrived in Iraq from Kuwait," said Mr. Tsakiris, a Greek.

"For the moment, we have enough funds to handle the flow, but if there is any significant increase in number then we may have to appeal for additional international financial aid," he added.

IOM has received close to \$74 million — most of it in government contributions and the rest in private donations — since the beginning of its operations related to the Gulf crisis, including the return of Iraqi Kurds from Turkish and Iranian border areas where they fled after a failed rebellion against the government in March.

All the major donors had transferred funds directly to the IOM, which, in coordination with the United Nations Disaster Relief Organisation (UNDRO), handled the repatriation process.

Almost all of the funds have already been spent or committed by IOM, which now says it needs \$8.1 million more to meet its estimated requirements until Aug. 31.

For the IOM, an inter-governmental agency which



At one point during the Gulf evacuee crisis, tens of thousands of third country nationals were stranded in the desert on the Iraq-Jordanian border (File photo)

continues to handle cross-border migration of people, the Gulf crisis operations represented "emergency programmes."

Although there is no pressure of evacuee flow on Jordan at the moment, the Kingdom might face heavy demands on its facilities if another wave of evacuees hits the Kingdom, which, at the peak of the Gulf crisis, found itself on the receiving end of tens of thousands of third country nationals fleeing Kuwait and Iraq every day.

At one point during the exodus over 100,000 people were

stuck in the Kingdom for at least one week, awaiting flights home arranged by their governments. The Jordanian government, hard put to meet the needs of those already in Jordan, had to close the border crossing with Iraq to stem the flow.

Since the establishment of the IOM office in Baghdad, the average duration of stay in Jordan of third country evacuees from Kuwait and Iraq is less than 12 hours.

Most of the arrivals are directly taken to the airport to

board pre-arranged flights, Mr. Tsakiris said. But, he added, if the number of evacuees goes up then IOM will have to seek Jordanian help and facilities for their overnight stay in the Kingdom.

"We do not yet know the scope of the situation," said Mr. Tsakiris. Even the concerned governments of the expatriates, as represented by diplomatic missions in the region, are unable to provide a "clear picture" of how many people might be forced to leave Kuwait through Iraq, he added.

Thumbnail sketches of hostages still held

NICOSIA (AP) — Here are thumbnail sketches of Westerners still missing in Lebanon.

Terry Anderson, 43, chief Middle East correspondent of the Associated Press, kidnapped March 16, 1985, by Islamic Jihad. He is the longest held of all the hostages. He was born in Lorain, Ohio, but raised in Batavia, New York, and graduated from Iowa State University. He worked in AP bureau in Tokyo and Johannesburg before being assigned to Beirut in 1982. His second daughter, Sulome, was born three months after he was kidnapped. His father and brother died of cancer during his captivity.

Thomas Sutherland, 60, acting dean of agriculture at the American University of Beirut (AUB) when he was abducted June 9, 1985, by Islamic Jihad. A Scottish-born U.S. citizen who studied agriculture at Iowa State University. He took leave from Colorado State University to go to AUB in 1983. His wife Jean heads AUB's fine arts department and still teaches there.

Joseph Cicippio, 60, acting comptroller at the American University of Beirut, kidnapped Sept. 12, 1986, by the Revolutionary Justice Organisation (RJO). He spent most of his life in Norristown, Pennsylvania, where he has eight brothers and sisters. He moved to Beirut in 1984 and converted to Islam a year later to marry a Lebanese woman, Ilham, a secretary at the U.S. embassy.

Alann Steen, 52, a communications professor at Beirut University College (BUC) and former U.S. marine, kidnapped Jan. 24, 1987, with three other foreign educators, Mr. Steen, a native of Boston, graduated and completed master's degree programmes at Humboldt State University, California. Released hostages said he escaped in his first year of captivity, but was caught and badly beaten by his captors. His third wife, Virginia Rose, is a fine arts professor at BUC. He has two daughters from his first marriage, both living in the United States.

Jesse Turner, 44, a visiting professor of mathematics and computer science at BUC, was kidnapped Jan. 24, 1987 with Mr. Steen and two other educators, who were released. A native of Boise, Idaho, he holds degrees from Boise State University and the University of Idaho, he holds degrees from Boise State University and the University of Idaho. His Lebanese second wife, Badr, gave birth to a girl Joanne June 24, 1987, five months after he was abducted.

demands for his release.

Jack Mann, 77, a Briton and decorated World War II fighter pilot who fought in the battle of Britain in 1940. He disappeared in Beirut May 12, 1989, and a group called the Cells of Armed Struggle claimed the next day they had kidnapped a Briton, without naming him. He and his British wife, Sunnie, have lived in Beirut for more than 40 years. Mr. Mann worked as a pilot for Lebanon's Middle East Airlines before retiring and running a bar.

Alec Collett, 69, a New York-based British writer who was on assignment for the U.N. Relief and Works Agency when he was kidnapped by the Revolutionary Organisation of Socialist Muslims, believed to be a cover name for the Abu Nidal group, south of Beirut March 25, 1985. The group claimed April 23, 1986, that it had killed him in retaliation for British support for the U.S. air raids on Libya April 15 that year and issued a video purporting to show his body hanging from a scaffold. British officials believe he is dead, although his wife refuses to consider him so.

Heinrich Struebig, 50, and Thomas Kemptner, 39, who worked for the ASME-Humanitas relief group in Palestinian refugee camps near Sidon, South Lebanon, were kidnapped May 16, 1989, by unknown gunmen. It was the second time Mr. Struebig, an administrator, had been kidnapped in two weeks. He was freed several hours after the first abduction. No group has claimed responsibility. But they are now believed to be held by Shiite Muslims seeking the release of two of their men imprisoned in Germany.

Alberto Molinari, 71, an Italian businessman kidnapped Sept. 11, 1985, as he crossed Beirut's dividing green line. He had lived in Beirut for 20 years. Nothing has been heard of him since. No group claims to hold him. Beirut newspapers have reported he died of a heart attack soon after he was seized, but there has been no confirmation of that.

Reuter adds: Other foreigners whose fate in Lebanon is a contentious issue include:

Four Iranians seized at a Christian militia checkpoint in 1982 — Mohsen Mousavi, Iranian charge d'affaires, Ahmad Moavassian, Revolutionary Guard commander, Kazem Akhavan, photographer for the Islamic Republic News Agency, and their driver Taqi Rastegar Moqaddasi.

Seven Israeli servicemen missing in Lebanon. Israel believes the pro-Iranian Hizbollah (Party of God) holds three — an airman, Ron Arad, and two soldiers captured in South Lebanon in 1986.

It believes another group of four — a tank crew missing after Israel's 1982 invasion of Lebanon — were captured either by Syrian troops or Syrian-backed Palestinian fighters.

Kuwaitis' working habits slow to change following Gulf war

KUWAIT CITY (AP) — During the Iraqi occupation, long-pampered Kuwaitis were forced to fend for themselves.

They delivered food, drove ambulances, baked bread, smuggled weapons to attack Iraqi troops, even collected garbage.

But speculation that the Gulf war experience would lead to a new Kuwaiti work ethic has diminished with each Egyptian and Asian guest worker brought in since the war.

"I don't think the problem is with the people," said economist Jassim Al Sadoun. "In the old days, Kuwaitis were fishermen, pearl merchants, traders. Fifteen — or 16-hour days were the norm."

He says the country's 600,000 Kuwaiti nationals have been spoiled by black gold — oil.

Some 70 per cent of Kuwaiti

workers have government jobs, financed by pre-war oil income exceeding \$10 billion a year and earnings equal that from foreign investments. Even those in private industry rely on government contracts and government credit.

"Since oil was discovered in the 1940s, everybody has been given a job and nobody asks what he does," Mr. Sadoun said. "Even in the United States, people would be willing to sit in offices, doing nothing but waiting for their checks at the end of the month."

There has been some belt-tightening in the wake of the seven-month Iraqi occupation, ended by the allied forces Feb. 26.

More than 730 of Kuwait's oil wells were blown up in the war, cutting oil production to a fraction of pre-war levels. Ministries

were burned, offices and stores trashed. The country has announced it must borrow money abroad to fund many reconstruction projects.

The austerity measures, however, have been felt mainly by the non-Kuwaiti workforce.

Before the war, Kuwaitis were a minority in their own country, served by an army of some 1.6 million Palestinians, stateless Arab bidouns and foreign nationals. The government now hopes to limit the number of outsiders to about 800,000.

Already, 180,000 guest workers have been brought in to labour on reconstruction projects, sweep the streets, run hotels, clean houses and manage restaurants.

Financially, Kuwaitis do not need to pursue menial jobs.

The government gave special

bonuses of \$1,600 to the 200,000 Kuwaitis who stayed in the emirate during the Iraqi occupation.

Government salaries were paid retroactive to Aug. 2, 1990, the date of the invasion, whether a Kuwaiti worked or not.

Some \$4 billion in personal and housing loans also have been forgiven. And now the government is considering \$65,000 payment per family to compensate for war damages and suffering.

Kuwaitis also face social pressure against working, which is considered undignified.

Abdul Mohsen, 40, a postal clerk, was turned down for a job outside the government because he is Kuwaiti.

"I applied to be the manager of a new restaurant," he recalls. "When the owners found out I was a Kuwaiti, they were against it."

"They told me, 'you don't want to work in a restaurant. It's long hours, hard work. You have to work on holidays.'"

All the restaurant jobs went to Egyptians, Abdul Mohsen said.

The Gulf war spurred debate last week in the National Council, an advisory body to the cabinet, on the subject of working.

"I don't accept the idea that a Kuwaiti should work as a garbage collector or street sweeper or any such occupation, unless maybe he quit school after third grade," Kuwait's minister of planning, Ahmad Al Jassar, told the assembly.

But councilman Jawad Al Matar argued Kuwaitis were toughened by their experiences during the Gulf war.

"We thank the minister for being so frank, but as far as

occupations go, the Kuwaiti youth have proved that they can put up with anything — and will be honoured to work as garbage collectors," he said.

There are no Kuwaiti garbage collectors. But Young Kuwaitis say they are more willing than their parents to get their hands dirty with work.

Walid Al Awadi, 25, a civil engineering graduate, wrote a neighbourhood newsletter during the occupation and helped distribute money, food and weapons. He now works at a media centre that examines the occupation through art shows, videos and lectures.

"We learned a lesson," he said. "We must work hard, do things for ourselves. We should change. Life is to work, to do something constructive."

Soviet Afghan envoy opens talks in Pakistan

ISLAMABAD (R) — A senior Soviet envoy opened talks with Pakistani officials Sunday aimed at pushing forward efforts to find a political settlement to the 13-year-old Afghan civil war.

A Soviet delegation led by Afghan expert Nikolai Kozirev immediately went into talks with Pakistani Foreign Ministry officials and later was to call on President Ghulam Ishaq Khan, a government spokesman said.

Mr. Kozirev, who led the Soviet delegation that negotiated the Geneva accords in 1988 that led to the withdrawal of all Soviet troops in Afghanistan, will meet Prime Minister Nawaz Sharif Monday.

He may also meet some of the Mujahadeen fighters based in Pakistan, but Mujahadeen sources said they were waiting for details.

"I think it would be natural if there is a meeting. They are here and we are here and the main topic of the visit is Afghanistan," said one guerrilla official.

The Mujahadeen would prefer to talk to the Soviet Union instead of the Soviet-backed gov-

ernment in Kabul because they believe Moscow holds the key to peace in Afghanistan.

Mr. Kozirev is the most senior Soviet official to visit Pakistan since former Foreign Minister Eduard Shevardnadze came in 1989.

Previous talks between Pakistan and the Soviet Union in Moscow in May failed to reach any breakthrough on what should happen to Afghan President Najibullah.

Pakistan switched the emphasis of its Afghan policy earlier this year from directly aiding the Mujahadeen groups with weapons and logistical help towards seeking a political solution.

But it officially remains adamant that Mr. Najibullah can play no role in any transitional administration that would take power in Kabul if agreement could be reached on a United Nations peace plan.

The Soviet Union originally proposed the Kozirev visit at the beginning of the year but scrapped its plans after guerrillas took a major Afghan garrison in eastern Afghanistan.

Sole Tehran daily joyful over Bakhtiar's murder

TEHRAN (R) — Several Iranian newspapers Sunday denounced the killing of former Prime Minister Shapour Bakhtiar outside Paris as an attempt to strain Iran-France relations.

The hardline Jahan-e Eslam was alone in expressing joy over the assassination of the late Shah's last premier, found at his home Thursday with his throat slit with a kitchen knife.

"Whatever the incentives behind it, destruction of elements such as Bakhtiar gladdens the nation and the suffering families of martyrs," the paper said in an editorial.

"Explaining Iran's position on terrorism should not become a ground for condemnation of assassination of infamous elements," it added.

Iran's Ambassador in Paris Ali Akbar, summoned to the French foreign ministry Friday over the murder, condemned all acts of terrorism and denied any involvement by Tehran.

Mr. Bakhtiar, 76, served as premier for five weeks before Ayatollah Ruhollah Khomeini's Islamic revolution toppled the monarchy in 1979. He then fled to France, leading a faction in

Iran's fragmented opposition in exile.

Police believe three men suspected of killing Mr. Bakhtiar and his secretary Tuesday — one an acquaintance and two men who had arrived from Iran last month — have already left France.

"Observers here rightly consider that such a terrorist act was done just to block the smooth flow of Franco-Iran relations... It is obvious that he had no political importance and posed no danger to Iran," said the pro-government Tehran Times.

"Iran has repeatedly declared that it condemns all sorts of terrorist acts. (It) is even ready to cooperate with any international body... so that truth may be divulged."

Abrar newspaper said Saturday the United States, unhappy with the rapid growth of Tehran's ties with Paris, stood to gain from Mr. Bakhtiar's killing.

"Iran should expect some kind of impediment every time it tries to lay the foundation of a meaningful long-run relationship with a major European country," the English-language Kayhan International said.

Saudi accused of child marriage remanded

NEW DELHI (AP) — A 60-year-old Saudi Arabian national was brought to court Sunday after he was arrested for marrying a 10-year-old Indian girl and trying to take her home with him.

The girl, allegedly sold to Yahya H.M. Al Sagish by her family in the southern city of Hyderabad, was rescued Saturday when fellow passengers on a domestic flight saw her crying and the crew radioed police to meet the plane when it landed in New Delhi.

Investigators said Mr. Sagish was suspected to be part of a slave-running gang. Police Sub-Inspector Charan Singh told Magistrate V.K. Maheshwari the Saudi had photographs of four young girls in his possession, including one of Ameena Begum, the girl he married last week.

Judge Maheshwari ordered Mr. Sagish to remain in police custody for two days, pending further investigation.

Mr. Sagish also was holding two marriage certificates, the court was told. One was for Ameena Begum and the other for

a 32-year-old woman whose whereabouts are unknown.

Sub-Inspector Singh said more time was needed for interrogation because Mr. Sagish did not know much Hindi or English and police needed an Arabic-speaking interpreter.

Mr. Sagish, a stout man with a stringy beard, was dressed in the clothes he was arrested in — a light blue robe and a red-and-white headscarf.

He said in broken Hindi that he was ill and repeatedly asked to be allowed to remain seated during the court proceedings.

Mr. Sagish and Ameena boarded a flight from Hyderabad to New Delhi Saturday, the Sunday Times newspaper reported.

They were married Thursday after Mr. Sagish paid Ameena Begum's father, a Hyderabad rickshaw driver, 100,000 rupees (\$4,077), the newspaper said. The amount would be roughly equal to six years earnings for a rickshaw driver.

The Times said Ameena was the second-oldest in a family of six daughters and two sons.

Britain licensed parts for Iraqi spy satellite — report

LONDON (R) — The British government approved exports to Iraq of key components needed to build a surveillance satellite which would have been able to spy on coalition forces during the Gulf war, the Sunday Telegraph reported.

Another Sunday newspaper, the Observer, said a British firm might have improved Iraq's ability to wage chemical warfare by supplying its military with nerve gas antidotes for two decades.

The two reports were the latest in a string of allegations of British exports to Iraq, in contravention of an arms embargo, which have emerged in the past two weeks to the embarrassment of Prime Minister John Major's government.

The Sunday Times said a week ago that 8.6 tonnes of depleted uranium were shipped to Iraq in 1988-1990. Other reports said export licences were granted for sensitive items until three days after Iraq's invasion of Kuwait on Aug. 2 last year.

Trade and Industry Secretary Peter Lilley has denied any impropriety and Mr. Major has refused opposition Labour Party calls for a public inquiry into the allegations.

The Sunday Telegraph's report quoted defence analysts as saying they believed that electronic power supply and computer components listed in a Department of Trade and Industry (DTI) document were destined for Iraq's spy satellite programme.

JORDAN TELEVISION	
Tel: 773111-19	
PROGRAMME TWO	
18:00	Les Grandes Batailles du passé
19:00	News in French
19:30	Weekly Sports Magazine
19:50	News in Hebrew
20:00	News in Arabic
20:30	Surgical Suite
21:10	Murder she wrote
22:00	News in English
22:30	Young Sherlock Holmes
PRAYER TIMES	
04:27	Fajr
05:53	Sunrise/Duha
12:41	Dhuhr
16:20	Asr
19:20	Maghrib
21:54	Isha
CHURCHES	
St. Mary of Nazareth Church Swifich Tel: 810740	
Assumption of God Church, Tel: 637855	
St. Joseph Church Tel: 624590	
Church of the Annunciation Tel: 637400	
St. Salla Church Tel: 661757	
Terrestrial Church Tel: 622666	
Church of the Annunciation Tel: 625441	
Anglican Church Tel: 625383, Tel: 625443	
Armenian Catholic Church Tel: 771331	
Armenian Orthodox Church Tel: 775261	
Syrian Orthodox Church Tel: 771751	
Armenian International Church Tel: 685376	
Evangelical Lutheran Church Tel: 811295	
The Church of Jesus Christ of Latter-Day Saints Tel: 623924, 654932	
Church of Nazareth Tel: 675991	
WEATHER	
Slight increase in temperatures will take place and winds will be north-westerly moderate. In Amman, winds will be northerly moderate and sea calm.	
Min./max. temp.	
Amman	17/31
Amman	24/37
Desert	18/34
Jordan Valley	20/36

JORDAN TIMES DAILY GUIDE AND CALENDAR	
Yesterday's high temperatures: Amman 27, Amman 35. Humidity readings: Amman 80 per cent, Amman 35 per cent.	
USEFUL TELEPHONE NUMBERS	
NIGHT DUTY	
Dr. Walid Smadi	683266
Dr. Ramzi Al Mizawi	894788
Dr. Mohammad Azzam	819925
Dr. Mohammad Al Jam	894184
First pharmacy	661912
Ferdows pharmacy	778336
Al Asma pharmacy	637055
Naturok pharmacy	626072
Al Salan pharmacy	626730
Yacoub pharmacy	644945
Shmeisan pharmacy	637650
EMERGENCIES	
Food Control Centre	637111
Civil Defence Department	661111
Civil Defence: Immediate	
Rescue	630341
Civil Defence Emergency	199
Rescue Police	192, 621111, 637777
Fire Brigade	891238
Blood Bank	715131
Highway Police	843402
Traffic Police	896390
Public Security Department	630321
Hotel Complaints	605800
Price Complaints	843402
Water and Sewerage	661176
Complaints	897467
Amman Municipality	787111
Telephone Information (directory assistance)	121
Overseas Calls	010230
Central Amman Telephone	
Repairs	623101
Abdali Telephone Repairs	661101
Jordan Television	773111
Radio Jordan	774111
Water Authority	680100
Jordan Electricity Authority	815615
HOSPITALS	
AMMAN:	
Hossein Medical Centre	813813/322
Khalidi Maternity, J. Amn.	6428116
Alkhal Maternity, J. Amn.	6424112
Jahel Amman Maternity	642552
Mafkas, J. Amman	636140
Palestine, Shmeisan	6641714
Shmeisan Hospital	669131
University Hospital	845845
Al-Musader Hospital	6672719
The Islamic, Abdali	66612737
Al-Ahli, Abdali	6641646
Italan, Al-Muhajreen	7771013
Al-Bashir, J. Abdali	7731126
Army, Marika	8916115
Queen Alla Hospital	60234050
Amal Hospital	674155
ZARQA:	
Zarqa Govt. Hospital	09183323
Zarqa National Hospital	09180550
Ibn Sina Hospital	09186632
Al Hikma Modern Hospital	09199090
FOR THE TRAVELLER	
QUEEN ALIA INTERNATIONAL AIRPORT	
This information is supplied by Royal Jordanian (RJ) information department at the Queen Alia International Airport Tel: (08)53300-5, where it should always be verified.	
ARRIVALS	
Royal Jordanian (RJ) Flights (Terminal 1)	
05:30	New York, Amsterdam (RJ)
09:00	Sanaa (RJ)
10:00	Damascus (RJ)
10:15	Riyadh (RJ)
10:30	Jeddah (RJ)
10:30	Dhahran (RJ)
Other Carriers (Terminal 2)	
14:45	Abu Dhabi, Doha (GF)
18:35	Cairo (MS)
22:00	Paris (AF)
DEPARTURES	
Royal Jordanian (RJ) Flights (Terminal 1)	
07:30	Kuala Lumpur, Singapore (RJ)
07:30	Beirut (RJ)
12:30	Montreal, New York (RJ)
12:40	Damascus, Istanbul (RJ)
13:15	London (RJ)
13:25	Frankfurt (RJ)
14:00	Moscow (RJ)
14:30	Abu Dhabi (RJ)
21:15	Bahrain, Doha (RJ)
21:30	Dubai, Moscow (RJ)
Other Flights (Terminal 2)	
09:15	Beirut (ME)
18:15	Doha, Bahrain (GF)
19:20	Cairo (MS)
23:30	Paris (AF)

MARKET PRICES	
Upper/lower price in file per kg.	
Apple	600/580
Apricots	700/600
Bananas (Musa)	300/400
Bananas (large)	400/400
Beans	320/260
Cabbage	100/80
Carrot	240/200
Cauliflower	180/120
Corn	200/150
Cucumbers (large)	120/100
Cucumbers (small)	200/180
Eggplant	350/300
Garlic	200/180
Grapes	800/700
Greenpeas	300/250
Lemons (green)	400/350
Lemon (yellow)	400/350
Marrow (large)	150/120
Marrow (small)	120/100
Onion (dry)	500/450
Onion (wet)	200/150
Peas	400/350
Peas (small)	600/500
Peas (large)	600/500
Pepper (hot)	200/150
Pepper (sweet)	350/300
Potato	400/350
Sage	600/500
Sweet melon	250/200
Tomatoes	130/100
Watermelon	30/20

Indonesian official tours social development centre

AMMAN (J.T.) — On the third day of his visit to Jordan, the Indonesian Foreign Minister, accompanied by his wife and a delegation of officials, visited social development centres in Madaba and Maalikh districts south of here and inspected their activities.

The two centres are operated by the Queen Alix Social Welfare Fund (QAF), which runs various types of projects in the rural and urban regions designed to promote the contribution of women in socio-economic development.

The minister and his wife inspected vocational training workshops for girls, the kindergarten at Madaba Centre and were briefed by QAF and centre officials on the programmes and activities that benefit the local community. The centre, they said, contributes most beneficially towards the development of the local community by providing training in various trades and offering facilities for cultural development and recreational activities.

The two guests toured the "rural market," which displays and sells products of the so-called "home gardens" created within QAF's Programme of Rural Development that encourages women and housewives to develop the so-called village planting of vegetables and fruit.

They were also briefed on the types of training programmes they receive and the skills they use in their activities.

At the Maalikh Social Development Centre, the two guests inspected the traditional rugs produced by local women. They were told that wool used in the industry was bought locally from the sheep farmers and that the project was designed to help local families improve their living standards by acquiring more income and involving the rural girls in useful work.

According to QAF, 35 per cent of the population of Jordan lives in rural areas. QAF has concentrated on developing social services in these areas and in meeting the needs of the inhabitants of needy areas.

Accompanying the two distinguished guests on the tour were the wife of Foreign Minister Abdullah Ensoor, the district governor, mayors and heads of local social organisations in the two areas.

Jordan to develop natural gas reserves

AMMAN (J.T.) — Jordan possesses 40 billion tonnes of oil shale's reserves that can produce four billion tonnes of crude oil, according to Minister of Energy and Mineral Resources Thabet Al Taher.

Only financial consideration have so far impeded the full exploitation of the shale to produce oil. To do so, entails setting up pilot stations for the treatment of oil shales, he said.

The Ministry of Energy and Mineral Resources is currently revising its oil exploration programme and is contemplating setting up a national oil exploration firm, Mr. Taher said in a recent television interview.

The minister said prospecting for natural gas is going on as Jordan is known to have a reserve of 400 billion cubic feet of natural gas. Despite this reserve, the country last year produced only 5.5 billion cubic feet of natural gas.

Also interviewed by Jordan Television, the director general of the Jordan Electricity Authority (JEA), Mohammad Arach, said that the company has saved 250,000 tonnes of heavy fuel worth \$20 million by utilising natural gas found at Al Rishah fields not far from the Iraqi border to generate electricity.

The JEA is conducting a study to see how it can depend more on the natural gas to reduce the country's oil dependency. Heavy oil is used to drive power generators but the JEA is now gradually using natural gas found at Al Rishah to generate electric power.

Head of the Jordan Natural Resources Authority (NRA) Kamal Jreissat said that the NRA has drilled 66 wells to explore for oil and has discovered only a small well.

Several foreign oil companies have now concluded their search operations in Jordan but that does not mean that the oil exploration operations will stop, Mr. Jreissat said. Indeed, the Jordanian government has recently received several bids from foreign oil firms to prospect for oil and is now examining those bids, he said.

He added that the discovery of more natural gas reserves is possible but the NRA has high hopes to raise the country's gas reserves to 1000 billion cubic feet. Once that level is reached, he said it would be possible to supply industrial centres with piped gas.

Officials inspect repair work on facilities damaged by storms

AMMAN (J.T.) — Three cabinet ministers Monday will tour the southern regions of Jordan to inspect districts that had sustained damages from the winter storms in March and to examine the ongoing repair work on various installations.

Deputy Prime Minister Ali Subeissat will be accompanied on the tour by Minister of Tourism Abdul Karim Al Kabarti and Minister of Public Works and Housing Saad Hayel Srouf to discuss with local officials the progress of repair work on bridges, roads, culverts and other facilities damaged in the winter storms.

The Jordan News Agency, Petra, said that the ministers want to ensure that the construction and repair work was proceeding on schedule, that sufficient funds were available for the work and that there were funds for new projects in the coming year. The project planned for the southern districts are to be carried out by the ministries of Public Works and Housing and Tourism, which concern urban and rural development and problems related to the Aqaba region.

The government last April allocated JD 1 million for the repair of the areas damaged by the storms following a comprehensive report compiled by then Minister of Public Works and Housing Abdul Raouf Al Rawabdeh. A great deal of damage to the farm lands and the agricultural infrastructure was caused by the storms, prompting the government to take speedy action.

Apart from the affected regions, the three ministers are expected to visit Wadi Mousa to inspect tourist facilities at the ancient Nabatean city of Petra in preparation for the coming tourist season, according to Petra.

Tourism Minister Abdul Karim Al Kabarti told Petra that his ministry was currently implementing a wide scale awareness campaign through tourist and travel offices to facilitate the arrival in Jordan by various tourists.

The Ministry of Tourism, he said, is currently working out a national plan for marketing Jordan abroad and training personnel on tourism-related skills. The ministry is cooperating with the Ministry of Education in promoting hotel management courses so as to turn out badly needed personnel with special skills for the tourism industry, Mr. Kabarti said.

Government to consider student requests for bachelor's degrees

AMMAN (J.T.) — Reacting to a report in the local press about the grievances of the missing schools of Amman and Irbid, Minister of Health Mamdouh Al Abbadi Sunday expressed concern and said he would deal with the students' request of transforming the schools into full fledged colleges awarding the graduates bachelor's degrees.

Reports in the local press had said that the students had refused to take the comprehensive examination along with students from other community colleges because their courses last for four years like university courses.

In reply to a question by the Jordan News Agency, Petra, the minister said he has issued instructions to the concerned departments at his ministry to arrange for a meeting with the students.

He said that a delegation of students from the two schools will meet with the minister to discuss the question in detail in the hope of reaching a solution to the problem.

The two nursing schools award graduates diplomas in nursing and midwifery following four academic years of attendance.

Experts reexamining idea of making Aqaba free trade zone

By Nur Sati
Special to the Jordan Times

AMMAN — Whether to convert Aqaba into a free zone or not has been a much talked about subject ever since 1968, when various experts brought the idea out in the open. So far, it has been left at just that — an idea.

Earlier this month, however, the debate crept up at a meeting hosted by the Sawt Al-Shaab daily. The purpose was to restate the idea and look closely at the pros and cons, especially since the state of the economy demands urgent attention.

Nine experts from different sectors attended the meeting. Although the subject needs deeper probing, most of the participants were for the idea of making Jordan attractive for foreign investors, according to Sami Gamo, chairman and director of Sawt Al-Shaab.

Some participants argued that if the infrastructure is overhauled, then a free zone can be formed anywhere.

"The first step would be to develop the mentality and administrative bureaucracy, procedures, services and infrastructures," Ibrahim Badran, secretary general of the Ministry of Trade and Industry, said at the meeting.

The proper environment for investors has to be set, he said. "Thereafter, there would be no problem in deciding whether the free zone should be in Aqaba, Sahab or Zarqa," he added.

Others pointed specifically towards Aqaba.

But in order for Aqaba to flourish in attracting investors, there is a need for deregulation. "If we want to progress, we have to reduce administrative complications," Mr. Gamo said.

Fahed Al Fanek, economic analyst and a member of the Economic Consultative Committee, disagreed about the idea of having a free zone at all.

When Jordan exports from a free zone, "international regulations say that we cannot get a certificate of origin. What is the use?" he asked.

In other words, anyone is free to manufacture products in the free zone and there will be a tendency to lose income because it will not necessarily come back to Jordan, he said.

Free zones, he added, are namely made where there is cheap labour. Aqaba is no such place, he said. "Why should we create jobs where they are not wanted?"

"The idea is to liberalise the economy and make it attractive for outside investors," Mr. Gamo said.

Instead of manufacturing the products in Japan, a company in that country can establish a subsidiary in the free trade zone where its products can be manufactured, creating jobs for the local economy.

"We can use and train our people to assemble the products. Thus save money on transport, labour and at the same time take advantage of being in the center of the region to supply the area," he said.

Another reason Dr. Fanek disagrees with the free zone is because "the present investment laws make all of Jordan a free zone."

The Encouragement of Investment Law exempts certain projects from taxes and fees. To be exempted, it has to be an approved economical project in the areas of industry and mining, agriculture and livestock, tourism and hotels, shipping, hospitals or education. The law divides Jordan into development sectors, giving each section a certain number of years (from seven to 12 years) to be exempted from the taxes and fees.

An expert, who preferred anonymity, said: "While this law helps many projects, provided they comply with the law, it does put some restrictions."

Under a free zone, any project can be launched and one does not have to comply with the investment law requirements, he explained.

"There is no reason to allow the population of Aqaba to consume products free of charge while the rest of Jordan pays full price," Dr. Fanek said.

But Mr. Gamo disagreed, pointing out that the rest of Jordan would benefit from increased investments in Aqaba.

"This is not a major issue," Mr. Gamo said. "We wish that Aqaba would get everything free. Jordan everywhere else can take advantage of receiving the products at less cost."

"The income of the people in Aqaba will reflect on the economy," he said. "We are looking for opportunities for the unemployed. I do not think we should look at this situation from this microlevel."

The most important element during the debate was the issue of infrastructure.

"The subject needs detailed study and modernisation of infrastructure in Aqaba as well as the development of marketing to ensure that it is a point of massive attraction," said Mohammad Asfour, chairman of the Jordan Chamber of Commerce.

Mr. Gamo said that potential investors will first look at the area's infrastructure, regardless of any other incentives it may offer.

"We have to update our infrastructure and make it attractive because none will move to the area when there are no facilities. We cannot depend on our local savings and investments."

He cited Taiwan, Korea and Singapore as examples.

These countries made their breakthrough economically simply by inviting foreign investors and making the climate suitable for them, he said.

But Dr. Fanek, continuing to express reservations over the creation of such a zone, pointed to possible negative implications.

"The only thing that will come out of it is more services, smuggling and re-export, which will not benefit the economy," he said.

Some participants questioned whether the latest round of talks will lead to any action since similar discussions have been held in previous years. Others, however, believed that "the proper authorities are considering the idea."

Minister expresses concern over continued misuse of firearms

AMMAN (J.T.) — Interior Minister Jawdat Esboul has expressed the government's deep distress and dismay at continued acts of firings during joyous occasions and other events because the firings cause tragedies to innocent families.

In a statement to the Jordan News Agency, Petra, the minister said that the practice of firing is a bad habit that has to be uprooted from society. Those firing during different occasions represent irresponsible elements in society, he said.

"This is an uncivilised and inhuman practice which often leads to tragedies because it costs many innocent people their lives," the minister said. Records at the criminal investigation department last month revealed that 312 cases of firing incidents occurred in 1990, up from the 224 reported in 1989, accounting for the death of 27 people and the injury of 211 others.

The minister, in his statement, urged the media and various social organisations to launch a campaign against firings during occasions because they lead to the death and injury of innocent persons and cause heavy material losses.

Provincial governors as well as police departments around the country have been instructed to maintain strict control over the practice of firing but the police can not complete the job without cooperation from the public, the minister said.

Firing incidents in the Ajloun District last month prompted local police to detain nine village headmen for their failure to identify the persons responsible for firings.

The headmen were asked by the local authorities to cooperate in preventing firing but they could not oblige and were detained overnight until orders from Amman came for their release.

The case of the nine headmen was raised by at least three Parliament members from the northern constituencies in their addresses to Parliament earlier in July before the vote of confidence in the new government was taken.

Mr. Esboul said in his statement that the government was contemplating new legislation concerning the possession of firearms and the imposition of heavy penalties on those violating laws.

Police in Jordan offer licences to citizens wishing to carry their weapons outside the city boundaries provided they renew the licence annually. Licences are also issued free of charge to persons who possess firearms on condition they keep them at home.

HOME NEWS IN BRIEF

Labour minister visiting Iraq

AMMAN (Petra) — Labour Minister Abdul Karim Al Dughmi Sunday started a four day visit to Iraq at the invitation of his Iraqi counterpart, Omid Midhat, to discuss labour-related issues of mutual concern to Jordan and Iraq. The two ministers are expected to discuss means of boosting Jordanian-Iraqi cooperation in labour matters at international and regional conferences. Mr. Dughmi is to visit a number of unions and inspect workers achievements in a number of areas.

Lower House committees to meet

AMMAN (Petra) — The Lower House of Parliament's Legal Committee will hold a meeting today to resume discussion of an amendment to the State Security Law for 1991 and the Higher Court of Justice Temporary Law for 1989. The House's Financial Committee will meet the same day to discuss supply laws. Both committees at the House are scheduled to hold a joint meeting the same day to discuss the Jordanian Investment Corporation Law.

WHAT'S GOING ON

EXHIBITIONS

- ★ Exhibition of traditional embroideries and hand-made items at the Jordan Intercontinental Hotel.
- ★ Exhibition of paintings by Rihab Al Namsary at the Royal Cultural Centre.

Jordan continuing to struggle with Iraqi influx and strain on country

By P.V. Vivekanand
Jordan Times Staff Reporter

AMMAN — Half of the 130,000 Iraqis in Jordan are expected to return home after a holiday while the others will remain in the Kingdom on business, awaiting visas to go abroad or until they decide on future plans, according to official and independent sources.

An official, confirming the figure of 130,000, said that the high number of guests, coupled with the 270,000 Jordanians and Palestinians who have returned from Kuwait and other Gulf states, has placed heavy strains on the Jordanian infrastructure and services. The official hinted that Jordan might seek international help if the situation remained stable for another two months.

"On the one hand," said the official, who spoke on condition of anonymity, "the visit of Iraqis is highly positive to the Jordanian economy since our tourism and related facilities are fully engaged."

On the other hand, said the official, Jordan's water services are stretched thin, and the visitors also consume part of government-subsidised essential commodities.

"As of today, we have 130,000 Iraqis in the Kingdom and we believe that about 50 per cent of them can be classified as pure tourists or businessmen," said the official in an interview Saturday.

"Others fall into three categories: the first category is people passing through, the second includes others awaiting visas and the third category includes those who appear undecided of their plans."

According to the official, an average 1,500 Iraqis cross the border into Jordan everyday while 1,100 return home. The official did not have statistics related to Iraqis flying out of Jordan for third countries.

Close to 200,000 Iraqis have entered Jordan across the border since mid-May when the Iraqi government lifted a travel ban on non-official Iraqis.

"Unless we can balance the number of incoming and outgoing visitors in the next two months, we might have to seek international help," the official said.

Asked how Jordan could seek international assistance to handle the wave of "tourists," the official pointed out that the Kingdom is having difficulty coping with its people who have returned from Kuwait and the Gulf states.

"We have to see the high number of Iraqis here against the backdrop of the dramatic rise in our own population as a result of the returning expatriates," the official said. "There are additional demands on every phase of our infrastructure — water supply, hospitals, schools and other facilities."

Water and Irrigation Minister Samir Kassar said this week that the authorities had to make extra provisions to meet the rising water demand.

Jawad Anani, an economic analyst and former minister, commented that "to a large extent it is a situation similar to that of 1967," recalling that the Arab-Israeli war of that year had forced out hundreds of thousands of West Bankers into Jordan and the international community had stepped in to help the Kingdom handle the refugee situation.

His Majesty Hussein has referred to the influx of expatriates as "the third wave" of Palestinian exodus and underlined the moral responsibility of other countries of the region to shoulder part of the burden.

According to the senior official, no Iraqi national has applied for political asylum in Jordan. But many have sought help from the United Nations High Commissioner for Refugees (UNHCR) to find political asylum in the West — Europe and North America.

Dozens of Iraqis crowd around the UNHCR offices in Shmeisani everyday, seeking to file their applications or awaiting word on already submitted asylum requests.

Most of the Iraqis visiting Jordan are believed to have sufficient funds to pay for their stay in the Kingdom. Many of them receive money from relatives abroad while for many a trip to Jordan represents a much-needed respite from the war-imposed hardships in their country, for others the Kingdom is only a transit point.

"Some have applied to the Jordanian authorities for permission to open businesses and acquire real estate in the Kingdom," the official said, adding that the government was very selective in granting permission for Iraqis to buy land and property while it extends all help for business ventures.

"There is an acute shortage of housing and office space," said the official. "Rents have gone up, and those who find office space find it difficult to get telephone lines."

Downtown hotels and most other cheap accommodation facilities are reporting full occupancies and five-star hotels say they have around 90 per cent occupancy, mostly Iraqis.

Real estate brokers also report a high demand for apartments and houses in and around Amman as well as outside the capital.

Informed sources said early this month that the Iraqi government had informed Jordan of plans to tighten travel procedures in a bid to curb the large number of Iraqis travelling abroad. The exact nature of the planned regulations was not known.

According to the official and Iraqi sources, the Iraqi government, "in formal and informal" exchanges with Jordan, has expressed its desire that Jordan introduce official exchange rates for Iraqi dinars.

The issue has not been taken up at any level for formal action and economic experts rule out Jordan accepting the Iraqi suggestion.

The Iraqi dinar, which is officially valued at \$3.2 in Baghdad, fetches less than 13 cents in the black market. In Jordan, the only country where the Iraqi currency can be exchanged freely outside Iraq, it fetches around 15 cents.

SINCERE CONDOLENCES

The director general of UNESCO and the staff of the Regional Office for Education in the Arab States (UNEDBAS) express their great distress and shock of the sudden and tragic death of

Dr. HAMID MOHAMMAD AL KHAWAD
DIRECTOR A. I. UNEDBAS

who passed away on Sunday August 11, 1991. A register of condolences will be available at UNEDBAS office, Wadi Saqra St. Amman. The director general of UNESCO and the staff of UNEDBAS extend their deepest sympathy and their sincere condolences to his wife and children. Dr. Hamid Al Khawad was one of UNESCO's most highly respected colleagues and an extremely competent international civil servant.

His exemplary services were highly appreciated both as architect and as acting director of the UNESCO office in Amman.

Jordan Times

An independent Arab political newspaper published in English by the Jordan Press Foundation. Established 1975.
 مؤسسة الصحافة الأردنية
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Sanity above all

IF THE world has been unable to understand the plight of the Palestinians, then Kuwait is a good place to start telling their story. Several hundred thousands of Palestinians had spent their youth and energy for 40 years, building that country: its oil industry, infrastructure and even palaces for its rulers. Up to three generations of Palestinians had lived and worked there and knew no other country they could call home. After Iraq invaded and annexed Kuwait and when the Iraqi leadership called for linkage between the occupation of Kuwait and that of the West Bank and Gaza, most Palestinians living in the emirate had little choice on what position they could take. But after Kuwait had freed the Kuwaitis, outraged by what the Iraqis had done, started to take revenge on the Palestinians for no good reason at all. The Palestinians are now fleeing Kuwait, leaving a legacy of a lifetime only to escape the vengeance of an arrogant mob gone berserk. Destination for most naturally was Jordan, the only country in the Arab World that gave them full citizenship rights, even though many of them did not live here before. But Jordan is also being castigated by its Arab "brothers," mainly because the Kingdom stood against the destruction of Iraq and humiliation of the Arabs.

Now, this is the Palestinians' third major exodus: The first was in 1948 and the second in 1967. Since the beginning of the Gulf crisis close to half a million people have been added to an infrastructure originally designed for three million people.

Needless to say Jordan can hardly cope with such an influx of people that includes also more than 100,000 Iraqis, without help from others. The demographic change is causing severe imbalances in the services the state provides and is straining the country's already limited capabilities in housing, water and other sectors.

If there is fairness to the Palestinians and Jordan, the world, and especially the oil-rich Gulf states, paramount among them Kuwait itself, must pay their dues for repatriating those Palestinians. Jordan has already paid for the blunders and obstinacy of others during the Gulf crisis and cannot and should not pay what it cannot afford.

Palestinians and Jordanians have had enough abuse from brothers and friends. It is high time that sanity prevailed in the domains of the Arab World.



ARABIC PRESS COMMENTARIES

JORDANIAN dailies Sunday focused attention on the 39th anniversary of His Majesty King Hussein's accession to the throne and said that it is a happy occasion for the Jordanian family which takes pride in its leadership and the Kingdom's accomplishments. Al Ra'i daily said that the King had successfully led his people towards democracy, stability and security in a turbulent region exposed to various dangers and challenges. The paper said that on this anniversary the Jordanian people could only take a pledge to pursue the march under the Hashemite leadership, preserve the national unity and work to enhance democracy and stability. The 39th accession anniversary is only one more bright candle lighting the long and arduous path towards achieving further successes for Jordan, the paper said. We are all invited to bolster the national unity at this critical stage in Arab history and shoulder the responsibility of working constructively and courageously under the King's leadership to achieve the future generations' aspirations, said the paper. It said that Jordan should set a good example for other countries in every domain and endeavour and under the leadership of King Hussein it can and must pursue the path towards fulfilling the requirements of democracy in every field.

A columnist in Sawt Al Shaab daily stressed the need for the U.S. and Israel to recognise the rights of all Muslims in the Holy City of Jerusalem. There are American and Arab suspect attempts to respond to the Zionist and American desires of excluding the city of Jerusalem from the coming peace negotiations or from any talks on a Middle East settlement, said Asafa Hijazi. The writer said that it should be emphasised that the city is holy not only for the Arabs but also for hundreds of millions of people around the world. The Camp David accord excluded any mention of Jerusalem or the Palestinian people's rights and focused attention on the future of Sinai which returned to Egypt, said the writer. He said that by deceiving Egypt's Sadat into accepting the Camp David accord, the U.S. and Israel have secured tacit agreement from Cairo to go ahead with plans to build settlements in the Gaza Strip and other Palestinian lands to absorb Jews from Africa and the Soviet Union. The writer said that Jerusalem remained a symbol of peace for all religions, but it is also the core of the conflict in the region and therefore any solution to the Middle East conflict should take into account the status of Jerusalem otherwise there is no need for the coming negotiations.

Weekly Political Pulse

Talks may fall short of dreams, but better than nothing

By Waleed Sadi

NO MATTER what explanations or justifications are offered, this time the Palestinians are destined to accept much less than what was offered them in the context of the Camp David accords. All indications suggest that the Palestinians are persuaded to proceed to the peace conference on the basis of what they had been presented with more than a decade ago by the Egyptian-Israeli peace treaty but not quite as much or the same. Of course the bargaining power of the Palestinians and the Arab side as a whole has deteriorated considerably since the late seventies when former U.S. President Jimmy Carter brokered the peace treaty between Cairo and Tel Aviv and offered the Palestinians autonomy instead of complete statehood. It was thought then that statehood and independence were within reach so why settle for something less, like autonomy. The problem was, as it always is that no one took into account the possibility of something as awful as the Gulf crisis occurring. Also the Arab side was biting more than it could chew by insisting on the right thing to do without furnishing the mechanism to do just that.

The intifada also contributed to some resurgence of confidence among the Palestinians in the occupied territories and this in turn led to the belief that if only the Palestinian insurgency could continue, everything would fall into place. Of course none of this has happened and now the Palestinians are confronted with a no-win situation: either to boycott the peace talks and lose by default or participate and get what they could have gotten in the first place, more than ten years ago.

On balance the cards are stacked against the Palestine

Liberation Organisation (PLO) and the Palestinian side. They have no choice but to try to salvage what they can by opting to stay out and continue the uprising without effective Arab support, the chances for salvaging anything would decrease considerably. Since the Palestinian signature on any accord carries with it historic implications that could bind future Palestinian generations, the Palestinian side may wish to consider the alternative of staying aloof from the negotiations altogether, but do nothing to sabotage or impede the negotiations on their behalf by whoever comes forward for that purpose.

If autonomy is the most Palestinians may now sensibly dream about, and that falls short of their national dreams, then why not try for an interim solution through an Arab country that may be much better than the status quo but much worse than what the Palestinians have always dreamed of: a state of their own?

No wonder U.S. Secretary of State James Baker worked days and nights to have the Palestinians on board the peace process train. He seeks an all time solution that can never be questioned by future generations of Palestinians. Only by having the Palestinians join the talks, would there be assurance that the Palestinian case is dealt with for good. Since the Israelis are not so eager to talk to the Palestinians neither, then why not keep the Palestinians out of the fray? No wonder the Palestinian leadership is having a difficult time deciding what to do. Either way they take is fraught with danger and they know this very well having been bitten many times in the past.

Palestinian leader Faisal Husseini has already been threatened

for no reason other than talking with Mr. Baker. Can one imagine what will happen to him, and like-minded people if they join the talks in earnest and then find out that they would have to make binding agreements with their enemy? The internecine fighting that will surely ensue among the Palestinian forces as result of the onset of the peace negotiations can be expected to be so severe and horrendous that few have dared to reflect on it yet. Some even suggested that blood will rise to the knees when the Palestinians join the negotiations for final settlements of their situations. Maybe not. But one thing is sure: the people on the West Bank have yet to reconcile themselves to the fact that they are asked to make many concessions and accept something that is even less than the Camp David agreements.

The national psychology in the West Bank is still so charged with hopes and dreams that it is ill-prepared for concessions that would touch upon their sense of statehood and independence. It is doubtful that the Arab capital around the West Bank still has some leverage to shape public opinion there. By and large the Palestinians in the occupied territories have been left on their own with the exception of Jordan which maintained channels of support inspite of the decision to break all legal and administrative ties with the West Bank. As for the other Arab states, they have a near zero influence there as far as one can detect. The PLO itself still has tremendous clout in the occupied territories but it too must be weary lest it loses all since the linkage is now wearing thin. Altogether, to commence the peace talks will be much easier than to maintain them or have them succeed.

Obstacles may still block road for U.S. peace initiative

By Carol Giacomo Reuter

WASHINGTON — A political cartoon that greeted James Baker in Algeria underscored Arab suspicions of the U.S.-Soviet Middle East peace initiative and suggested problems could still block the prospective Arab-Israeli conference.

The cartoon in the daily newspaper Quotidien d'Algerie showed the U.S. secretary of state at a lectern masterfully expounding on the virtues of peace — and standing on a supporting pile of Arabs in traditional head-dresses.

Mr. Baker's efforts to convene a Middle East peace conference, with Moscow's blessing, gained momentum last week with Israel's qualified agreement to attend and with positive soundings from Palestinians, the Palestine Liberation Organisation and their allies.

But the Algerian cartoon, which Mr. Baker might have seen on Monday when he stopped to drum up support for the initiative, summarised the misgivings of Arab World doubters and provided a reminder that much can still happen to undermine prospects for what would be a historic peace conference.

On his sixth Middle East peace mission, from which he returned home on Monday night Mr. Baker asserted that Israel's decision to participate in such a conference meant that direct negotiations between the Jewish state and its Arab adversaries were no longer just "a dream."

But he was also careful to stress that the conference, while Washington and Moscow hope to convene in October, was not a certainty either.

The Palestinians, a key party, have not agreed to attend.

That spotlights the biggest remaining obstacle — Israeli insistence on limiting any Palestinian



delegation to exclude PLO members or residents of east Jerusalem and Palestinian refusal to submit to Israeli veto on this issue.

In addition, U.S. officials worry that one violent incident embroiling Arabs and Jews could poison the atmosphere enough to stall the peace process indefinitely.

In any case, it seems clear the way to peace is not fully mapped out. U.S. officials say they have not yet begun to think seriously about an agenda for the peace conference itself, for instance, considering that premature just now.

Mr. Baker, a consummate lawyer, vote-counter and political dealmaker, is building support one step at a time.

He has met all key players in the Mideast drama several times

— except the PLO, which Israel considers a terrorist group and with which Washington now shuns official contact.

He worked with the Soviets and others to get Syria to join the conference, bringing a main Arab power into the process and making it hard for Israel to say no.

Now that Israel has agreed, the pressure is on the Palestinians from Europe, the United States and Arab lands.

In visits over the past few days, Mr. Baker moved to repair ties between the United States and the North African countries of Algeria, Tunisia and Morocco that frayed during the Gulf war, when Iraq attracted popular support in those areas.

The three countries are close to the PLO and may be able to help persuade it to let Palestinians

from the occupied territories alone negotiate with the Jewish state.

Mr. Baker's talks with Palestinians from the Israeli-occupied territories last Friday hammered home the risk those leaders have taken to pursue the U.S. peace initiative.

One of them, Faisal Husseini, told Mr. Baker he expected to be killed for trying to bring Palestinians to the peace table.

U.S. officials said Mr. Husseini told them he did not want to die in vain and felt that could happen if Palestinians surrendered too much to get to peace talks with Israel.

Mr. Baker is trying to work it so each side saves face on the issue of who represents Palestinians at the talks.

To finesse an Israeli-Palestinian clash on this point, he insists Israel has no veto on Palestinian representation while also urging Palestinians to bow to reality and field a team Israel can accept.

A compromise under discussion would include, inside a joint Jordanian-Palestinian delegation, a Palestinian who has been in east Jerusalem but now lives in Jordan.

The Palestinians are clearly in the weaker political position, having supported Iraqi President Saddam Hussein in the Gulf war against most of the rest of the world.

Mr. Baker, ever the pragmatist, argues that with their situation growing ever more desperate, Palestinians cannot afford to let another opportunity for peace go by.

Mid-level State Department officials are continuing to work on the issue while Mr. Baker takes a holiday through Sept. 2.

After that, officials say, he may return to the Middle East and expects to spend considerable time on this issue at the U.N. General Assembly session in late September.

Moment of truth?

By Avi Shlaim

THERE ARE two schools of thought in Washington about Yitzhak Shamir, Israel's right-wing prime minister, and the prospects of peace in the Middle East. One school of thought maintains that precisely because of his impeccable right-wing credentials, Mr. Shamir is well-placed to deliver peace with the Arabs. Israel's one and so far only peace agreement with the Arabs, the Israeli-Egyptian peace treaty of 1979, it is recalled, was achieved not by the Labour Party but by Menachem Begin who preceded Mr. Shamir as leader of the right-wing Likud Party. America should therefore work with Mr. Shamir.

The second school of thought maintains that Mr. Shamir himself is the greatest obstacle because his ideological commitment to Greater Israel would rule out territorial compromise. Mr. Shamir is a hopeless case as far as the Palestinian issue is concerned. A solution to the Palestinian problem would therefore only become possible if he were replaced by a more moderate leader — and some would like to see America prepare the ground for such a change.

Whatever his views on Mr. Shamir, James Baker, the U.S. secretary of state, could have hardly been more accommodating towards Israel — at least until now. It is the Israelis who for years have been telling America that a settlement of the dispute between themselves and the Palestinians would not pacify the region unless accompanied by the ending of the state of war between Israel and her neighbours. It was Israel which suggested a twin track approach to negotiations, a Palestinian track and an Arab track, and Mr. Baker adopted this as the basis for all his efforts to revive the peace process.

In the course of five visits to the Middle East since the ending of the Gulf war, Mr. Baker obtained Palestinian and Arab agreement to the initiation of peace talks largely on Israel's terms. Initially, the Arabs wanted an international conference under U.N. auspices and with active EC participation to work out a comprehensive settlement of the Arab-Israeli dispute on the basis of U.N. resolutions. Israel wanted direct bilateral talks with the Arab states, without any preconditions and with Jordan leading a joint Jordanian-Palestinian delegation.

Mr. Baker's compromise is for a regional conference, co-sponsored by the United States and the Soviet Union, which would dissolve into a series of working parties. The role of the U.N. would be limited to sending a silent observer and the conference would only reconvene with the agreement of all the participants.

The upshot is that all the Arab states bordering on Israel and a group of representative Palestinians have now agreed to the invitation to hold direct peace talks largely on Israel's procedural terms. The most significant conversion in the respect occurred on the road to Damascus. President Hafez Al Assad, the arch-rejectionist, the standard bearer of militant anti-Zionism, said "yes" to the American peace plan after Mr. Shamir had said "no". Mr. Assad's positive reply to President Bush's letter of June 1 constituted the breakthrough on the Arab side that the Americans had been hoping for. Mr. Assad's agreement to direct talks with the Israelis makes it that much easier for Jordan to follow suit. The PLO, weakened by its association with President Saddam during the Gulf war, has also agreed that the Palestinian side would be represented by leaders from the

occupied territories within a single Jordanian-Palestinian delegation.

Mr. Shamir, however, is insisting on the right to veto every individual Palestinian representative before committing his country to attend the conference. It is not only members of the PLO that he is determined to exclude but also Palestinian residents of East Jerusalem which Israel annexed after the 1967 war. Mr. Shamir argues that since the future of Jerusalem is not open to negotiations, there is no room for residents of East Jerusalem at any stage of the peace talks. But the Palestinians can hardly be expected to give up in advance their claim to East Jerusalem which is what the exclusion of leaders like Faisal Al Husseini would imply. East Jerusalem thus represents a formidable stumbling block. It was over this issue that Mr. Shamir's own plan of May 1989 for holding elections in the occupied territories eventually collapsed and led the Labour Party to leave the coalition.

Mr. Shamir probably hoped that Palestinian insistence on choosing their own representatives would let him off the hook, just as Syrian rejection of direct talks had let him off the hook in the past. His characteristic response when faced with a difficult choice is to play for time. As so often in the past, he has tried to spin out procedural wrangles in the hope of warding off the evil moment when the substantive issues will have to be addressed.

The nub of the American plan is the exchange of land for peace. Mr. Baker made it clear that the aim of the conference would be to work for a comprehensive solution of the Arab-Israeli conflict on the basis of U.N. resolutions 242 and 338. Mr. Shamir, however, has made it equally clear that he regards the West Bank as an inalienable part of the "land of Israel" and that he is opposed to the exchange of territory for peace. So even if the procedural hurdles are cleared, a solution to the Arab-Israeli dispute and to the Palestinian problem that lies at the heart of this dispute would be exceedingly difficult.

Mr. Shamir and his government colleagues are not impressed by the growing signs of Arab moderation and evince little interest in confidence building measures designed to improve the climate for negotiations. Thus they rejected out of hand the Egyptian proposal, supported by Saudi Arabia and Jordan, to end the Arab economic boycott on Israel in return for a suspension of Jewish settlement in the occupied territories. Jerusalem is bristling with suspicions that the Americans have reached a secret understanding with the Arabs.

While the mood of the government, the most right-wing government in Israel's history, is one of intransigence and defiance, the Israeli people are much more willing to trade land for peace. It is generally understood that Israel's relations with America will suffer if Israel alone is seen as the spoiler of America's efforts to promote peace in the Middle East. For the 76-year-old Shamir the moment of truth is fast approaching because his ideological commitment to "Greater Israel" can no longer be reconciled with Israel's long term interests in good relations with America or peaceful co-existence with Arabs and Palestinians. If Mr. Shamir chooses "Greater Israel" the second school of thought in Washington will be vindicated. It will then be up to the Americans to convince the Israeli public that there is now a genuine opportunity for peace and that it is their government which is missing it — The Guardian.

Iraqi dream of life in nuclear club turns sour

By Nicholas Phythian Reuter

BAGHDAD — When President Saddam Hussein's eldest son Uday was 16, he told a visiting journalist his ambition was to become a nuclear scientist.

Iraq, he said, would need specialists in the field once it entered the nuclear club.

Just over a decade later, Iraq had built up a nuclear programme which has both surprised and won the admiration of U.N. inspectors scouring the country for evidence of a secret nuclear weapons project.

But the nuclear dream, which diplomats say was central to President Saddam's hopes of leading the Arab World, has turned sour as Iraq tries to persuade the U.N. Security Council to lift the embargo imposed after it invaded Kuwait last August.

"If it were not for its secrecy and its non-peaceful intent, this is a programme that the world should have considerable pride in," David Kay, head of the fourth and latest team of U.N. nuclear inspectors, told reporters.

"In Europe and in North America and any place in the developed world these facilities would be recognised as world-class," he added.

But with sanctions squeezing

Iraq's economy and stocks of food and spare parts running low, the programme is a liability.

The terms of the ceasefire the Security Council imposed on Iraq after its defeat in the Gulf war at the end of February are uncompromising. Iraq, it said, must disclose and scrap all its weapons of mass destruction.

Iraq has said repeatedly its nuclear programme was for peaceful research only. The world, and the United States in particular, does not believe it. President George Bush has accused President Saddam Hussein of lying to conceal a weapons programme and threatened military strikes if Iraq does not come clean on its nuclear secrets.

Not long after the Iraqi leader became president in 1979, an interviewer asked him whether Iraq, flush with oil money, planned to acquire a nuclear bomb.

"I think that if you ask any person in the world whether he would like to possess a nuclear bomb, he will tell you that he would," he said.

"I do not believe nuclear weapons can be used for peaceful scientific purposes in an undeveloped, bedouin society," he added.

Diplomats say a nuclear bomb was at the heart of President Saddam's regional ambitions. One described the idea as his

"brainchild."

Mr. Kay, who led an earlier inspection team which flushed out evidence of a secret uranium enrichment programme, said on Friday the programme could not be for peaceful purposes.

The three methods used — electromagnetic isotope separation, centrifugal and chemical enrichment — pointed to military intentions, he added. "They were conducted in secret and at cost yields that would have made sense only for a programme dedicated to non-peaceful uses."

One feature of the electromagnetic isotope separation method — the technique used by the United States to develop the bomb it dropped on Hiroshima in 1945 — is that it uses more electricity than could be generated with the enriched uranium.

As a signatory of the nuclear non-proliferation treaty, Iraq had a duty to inform the Vienna-based International Atomic Energy Agency (IAEA) of all aspects of its nuclear programme.

Iraq says it kept its enrichment programme secret for security reasons.

It recalls that in 1981 Israeli war planes smashed the French-built Iraqi research reactor at Osirak and it describes Israel as an aggressive and unfettered nuclear power.

Iraq says it only succeeded in slightly enriching half a kilogramme of uranium. Estimates of the amount of highly enriched uranium needed to make nuclear warheads range from 10 kilogrammes upwards.

But it has also admitted making small amounts of plutonium — a substance used almost exclusively in nuclear weapons.

Estimates of how far Iraq was from acquiring a bomb vary from one or two to five years.

The true nature of the programme remained unknown because the calculations used to enrich the uranium were home-made. "The intelligence community has been taken by surprise on this one," a member of an earlier team said.

Much of the equipment for the nuclear programme was destroyed in Gulf war air raids and Iraq tried to hide much of what survived from U.N. inspection.

The inspectors say that even with full cooperation it could take several months to build up a complete picture of what Iraq's nuclear aims and capabilities really were.

Mr. Uday, who is now 27, has meanwhile dropped his nuclear ambitions. A soccer fanatic, he heads Iraq's Olympic Association and runs Babal, one of Iraq's livelier newspapers.

Hopes raised for all-out swap deal

(Continued from page 1)

groups believed to hold seven of its missing servicemen for information that might lead to talks on a wide-ranging swap.

"Israel again appeals to all the countries headed by Iran and Syria, and to all the organisations holding captive and missing Israelis, to permit and approach to them or show evidence of them," a defence ministry statement said.

"This will enable negotiations (to take place) for the release of all the hostages including captured and missing Israeli soldiers ... and (for Israel) to free Lebanese prisoners it holds."

The RJO and other kidnap groups have long demanded the freeing of Arabs held by the Jewish state and its militia allies in South Lebanon as a precondition for the freeing of Westerners.

But Israel is equally adamant that it will not be party to a swap unless its missing servicemen, or the remains of those who might have died, are returned.

"We hope that the release of Mr. Tracy and Mr. McCarthy will constitute the beginning of closing the file of all hostages," Syrian Deputy Foreign Minister

Yousef Shakkour told reporters after Mr. Tracy was handed over in Damascus to U.S. Charge d'Affaires John Craig.

British Foreign Office Minister Douglas Hogg, who travelled with Mr. Perez de Cuellar to the base, said it would be "extremely helpful" if the Israelis released some additional prisoners in southern Lebanon.

The commander of an Israeli-backed Lebanese militia said Sunday he would release no prisoners from his jail unless the trade included his and Israel's missing servicemen.

Antoine Lahad, commander of the Israeli-financed South Lebanon Army (SLA) said the SLA holds 275 Lebanese detainees in its Al Khiam prison. He said: "Israel has not asked me to release any prisoners. Even if they ask me, without the release of Israelis and SLA soldiers, I am not ready to respond."

Visiting a summer beach camp for Lebanese children in southern Israel, Gen. Lahad said nine SLA militiamen are missing in Lebanon. Three are believed held by the pro-Iranian Party of God, the apparent umbrella for factions holding hostages.

Gen. Lahad said "If there is

no exchange including people from the SLA and the Israeli army, the people detained in Al Khiam will continue to be held there."

Asked if he thought Israelis would be released from Lebanon soon, he said: "I think there is hope, but I don't know how soon."

Mr. Leyraud, the freed French relief worker, headed for home Sunday saying he had good memories of Lebanon despite being kidnapped.

"I will always have good memories of Lebanon," Mr. Leyraud, 26, who was abducted in Beirut Thursday and held captive for less than 60 hours, told reporters before leaving on a French military plane for Nice, France.

Asked whether he met any other Western hostages before his release Sunday, Mr. Leyraud said: "I didn't meet any of them, but I (have since) learned that Mr. Edward Tracy was released."

"I was very pleased when I found out about the release (of Mr. Tracy) ... I hope that in the coming days other hostages are freed and that all the European and American hostages in Lebanon will be freed," Mr. Leyraud said.

Ansar detainees reject U.S. peace process

AMMAN (J.T.) — Palestinian detainees held at an Israeli prison camp known as Ansar III have called for resistance to the American-led Middle East peace process saying that the "legitimate rights" of the Palestinian people are at risk.

A statement telefaxed to the Jordan Times and signed "detainees at Ansar III" called for the escalation of the 45-month-old Palestinian uprising in the occupied territories and "reinforce unity to confront this aggressive political attack and adhere strictly to Palestinians' legitimate right to self-determination, return and establishment of an independent state" under the leadership of the Palestinian Liberation Organisation (PLO).

"The Palestinian national cause is currently in a sensitive and critical phase which is unique in the history of the Palestinian revolution and the Palestinian legitimate rights are at risk," said the statement.

It called for:

"... Adherence to the 1988 Palestinian peace initiative and to resolutions issued in Arab summits which are recognised as legitimate by the international community and advance the Palestinian national cause. An international peace conference must be convened under the supervision of the United Nations with the participation of all concerned parties including the PLO and the five permanent members of the Security Council. We reject any conference which is not based on these principles."

"Second, we call upon the international community, especially the United States, to apply a single standard when implementing international resolutions and to work to resolve the Zionist-Arab conflict on the basis of relevant international resolutions regarding legitimacy. Security Council resolutions 242, 338, 605, 607 and 181 must be implemented to ensure our people's legitimate national rights."

"Third, the right of the PLO to represent the Palestinian people in the peace process is not negotiable. The delegation must be independent, on an equal footing with other concerned parties, in accordance with resolutions regarding international legitimacy."

"Fourth, we call on Arab countries to comply with Arab Summit resolutions regarding the Arab-Zionist conflict, and to respond to the need to convene an Arab Summit to unify the Arab position, with emphasis on those countries which border Israel. We reiterate that the first step in resolving the Zionist-Arab conflict is recognition of Palestinians' legitimate rights."

"Fifth, we call on all countries which seek peace to defend our legitimate rights and apply a single standard in im-



As American-led efforts regarding the Middle East peace process are continuing, Palestinian detainees at Ansar III are calling for an

escalation of the intifada to ensure that their rights are not threatened (File photo)

plementation of all United Nations resolutions; the United States should not be allowed to impose its unilateral views on the resolution of the Arab-Zionist conflict.

"Sixth, any omission of our legitimate leadership and inalienable rights is an indication that there will never be peace and security in this troubled part of the world as long as the Palestinian cause is excluded from any political initiative to resolve the conflict."

The only way to thwart American plans to bypass our people's national rights is through our reaffirmation to the world that the PLO is the key to resolution of the Arab-Zionist conflict and to reaffirm that our national cause is the

central issue in this conflict. We will never relinquish, surrender or compromise our legitimate rights. The people which is able to overcome the autonomy plan and village councils is also capable of overcoming correct Zionist-American plans.

"Let our response be the manifestation of massive national activity, escalation of the mighty intifada and the fortification of our national unity. Despite the current conditions, struggle is the only way to depose the occupier and this evil. Let us burn the soil under the feet of the Zionist invaders. Our people have repeatedly proven through their sacrifice and contribution that the people are the rocks upon

which all extermination plans fall. The only way to guarantee protection of our national achievements is to maintain our unity, rally around our legitimate leadership and adhere to those resolutions which are agreed upon nationally. This is the only path by which we can extract our national rights."

"Long live the PLO, the sole legitimate representative of the Palestinian people."

"Yes, to an international conference with full authority in accordance with the framework of international resolutions."

"All the American Extermination Projects Will Fail. Long live the Palestine state with Jerusalem as its Capital."

American officials in Amman

(Continued from page 1)

which the Americans sought to understand Palestinian requirements. The source described Mr. Hussein as "excited" after the meeting.

West Bank leaders have asked the U.S. for its backing on their right to appoint the Palestinian

delegation, including representatives from East Jerusalem. They also seek assurances regarding the transitional period of Palestinian autonomy in the occupied territories, the U.S. interpretation of Resolutions 242 and 338 and a halt to Jewish settlement in the territories.

More planes put on for Palestinians

(Continued from page 1)

The passengers are exclusively Palestinians forced to leave Kuwait because of Palestine Liberation Organisation's (PLO) support for Iraq during its occupation of the emirate.

Those Palestinians who cannot afford air tickets take the tortuous land route to Jordan.

The Palestinian community was the largest expatriate group

in Kuwait before last year's Iraqi invasion. It has now shrunk to less than 90,000 from a pre-war peak of 350,000.

The exodus has gathered pace in recent weeks with parents trying to arrive in Amman in time to register their children in Jordanian schools.

Most Palestinians were either born or lived in Kuwait for decades but still hold Jordanian passports.

Iraqi law

(Continued from page 1)

"Investment in these companies is profitable," he told the government newspaper Al Joumhouria. "If we studied and analysed each company, we would find that the existing value of fixed assets exceeds the estimated value of its capital."

The newspaper reports on the new law made on mention of foreign participation in the stock market.

U.S. arms

(Continued from page 1)

The Iraqi invasion reversed a three-year overall decline in the value of arms transfers to the Third World. The trend towards lower sales had begun in 1987 as the Iran-Iraq war was winding down.

UNESCO chief shot dead in Amman

(Continued from page 1)

Under a previous agreement with the Lebanese government UNESCO undertook to return to the Lebanese capital, where the situation is now slowly settling down, and the decision to move the regional office back there was taken in line with this agreement, the UNESCO official said.

Jordanian police meanwhile drew a dragnet for the suspected assailant, a resident of Russeifa. Colleagues said the 41-year-old suspect was married and had eight children.

According to the eyewitnesses, Sunday's attack came after local newspapers reported that the UNESCO's move back to Beirut meant that local employees will be terminated.

The assailant was attending a 8 a.m. meeting at the UNESCO office where Dr. Khawad was scheduled to explain to the staff details related to the transfer and to assure them "that the rights of the employees will be honoured," said one eyewitness. "But he (the

assailant) came late to the meeting, locked the door of the room and started shouting that he did not want to lose his job," the witness said.

"Dr. Khawad did not respond, and then (the assailant) produced papers from a briefcase he was carrying and waved them around saying that they were reports that UNESCO employees in Jordan would lose their jobs," the witness recounted.

"He also produced containers with he said were full of petrol which will be used to burn down the UNESCO office," according to the witness.

"People started screaming and it was then that he pulled out a gun and shot Dr. Khawad," the witness said.

None of the eyewitnesses could say whether the first shot killed the director-general since, all of them said, they had driven under the conference table for cover.

"After one shot, (the assailant) left the room and others in the room also fled in panic," according to another eyewitness. "But

he came back and fired several more shots at Dr. Khawad. The female secretary was wounded in the leg."

The third victim of the attack, another driver, "apparently walked into the room to face the assailant, who opened fire shouting that he (the assailant) deserved the job more than the other one," the witness said. "Then he fled."

Police said they had launched a wide manhunt for the suspect, who, according to sources, also contacted a local journalist — who had written about the UNESCO controversy — to "proclaim that the UNESCO move to Beirut meant a death sentence on him and he had passed on the seat of the UNESCO director-general, who, he felt, was instrument in his (perceived) loss of job."

Public Prosecutor Fouad Daradeh said investigations were continuing and vowed that the suspect would soon be caught. "It is only a matter of time," he told the Jordan Times.

Japanese Muslims fearful after killing of translator

By Philippe Pons

TOKYO — Three weeks after Professor Hitoshi Igarashi, 44, the Japanese translator of Salman Rushdie's highly controversial novel *The Satanic Verses* was found murdered, no serious clues have yet been uncovered. His body was found on July 12 with 14 stab wounds at Tsukuba University, near Tokyo, where he was professor of literature. His assailant appeared to have also been wounded.

Apart from the Tehran daily Salam which observed in its July 14 issue that this "killing is good news for the Muslim world," no one has so far claimed responsibility for the act. The crime appears to have been well organised. The authorities have called on Interpol to find out whether there is a link between this murder and

the July 3 attack in Milan on Alberto Capriolo, the Italian translator of the Rushdie work. Capriolo was wounded by his attacker who wanted him to reveal Mr. Rushdie's address.

Japan is treating the killing as an ordinary crime and the press is confining its coverage to straight-forward reporting of the facts. Some sensational publications have hinted that it could be a crime passionnel, since the last person who was seen in the victim's company was a young woman. A government spokesman, while condemning the assassination, ruled out any question of protesting to the Iranian authorities. He said "this sentence of death is too scandalous to merit a protest."

Since the Rushdie controversy broke out in February

1989 when Imam Khomeini issued a fatwa sentencing the author of *The Satanic Verses* to death, Japan has adopted a cautious line. Trapped between the fanaticism of Tehran, with which it hopes to maintain good relations, and solidarity with the West with which it claims to identify, it nevertheless cancelled a proposed visit to Iran by its foreign minister at the time. As for Japanese bookshops, they have quietly taken out the English-language versions of the book from their display windows, arguing that there was a risk of terrorism.

The publication of the Japanese translation of the work by the small publisher Shinsen caused tension to rise again. At the official launching of the first volume of the book in February 1990, Mr. Rushdie's literary agent (an Italian

national living in Japan) was attacked by a Pakistani. The agent is said to have been threatened and has since been given police protection. The professor also drew fire last spring from Japan's Association of Pakistanis when he put on a play that was rather sarcastic of Islam.

He also commented on selected excerpts from *The Satanic Verses* in his university courses. The chairman of the Association of Pakistanis considered that Mr. Igarashi's behaviour was "worse than Rushdie's".

The killing has caused some worry among Japan's small Muslim community. The Tokyo Islamic Centre, financed largely by the Arab League, claims there are almost 50,000 Japanese Muslims (the figure is probably infinitely smaller).

Japanese Muslims have attempted to stay neutral on the Rushdie controversy, explained Fadlullah Chang (who is of Chinese origin), one of the Centre's directors. "The Satanic Verses are blasphemous, but we condemn the call to murder its author. It's up to the Muslims to decide within their own hearts."

Japanese Muslims are worried the assassination may damage their reputation in the public's eyes. As for the immigrant Muslim community (in particular, almost 40,000 Iranians), they fear a sudden tightening up of immigration regulations. Immigration is strictly controlled in Japan, but in recent years, because of a manpower shortage, the authorities have turned a blind eye to the arrival of immigrants from the Indian subcontinent, Iran and Southeast Asia — Le Monde.

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Hong Kong bank panic blamed on anxiety

By Victoria McElhiney
Reuter

HONG KONG — A rumour-sparked run on cash at two major banks in Hong Kong with branches worldwide has raised the question of why depositors in the British colony should be so ready to panic.

Theories abound. First up is that public confidence has been battered by the government's handling last month of the closure of the Bank of Credit and Commerce Hong Kong (BCCCHK), the local unit of the scandal-hit BCCI.

Theorists in the crowded colony also point to mob psychology, the pervasive fear of being last in the race, plus simple greed.

A psychiatrist blamed 1997 — the year when Britain is due to hand Hong Kong back to China.

Rumours of financial troubles triggered heavy withdrawals first at U.S.-based Citibank, then at British-based Standard Chartered branches throughout the colony over the past four days.

Standard Chartered's Hong Kong chief executive Ian Wilson, a new arrival here, said he was bemused by the run.

"Our 50 countries, this is the only place where this is happening," he said. "We can't understand why there's a problem at all."

Huge withdrawals slashed

the bank's deposit base by two billion H.K. dollars (\$250 million) Friday and spilled over to Saturday.

A prominent psychiatrist, born in China and raised in Hong Kong, said the thought of the 1997 handover has made an already jumpy population even edgier.

"We have a higher level of anxiety here than in other places," the psychiatrist, who asked not to be named, said. "Everybody in Hong Kong feels very insecure because of 1997. For insecure people, emotion overtakes their ability to analyse."

As throngs of panicked depositors, who began queuing at Citibank Wednesday, thinned by midday Friday, some 500 cavers had already packed the huge marble lobby of Standard Chartered's head office.

Meanwhile rumours swirled that Citibank had closed its operations worldwide, and Standard Chartered stock had been suspended and its banking licence withdrawn.

Executives at both banks denied the rumours. "Hong Kong is a very small, close-knit community, and rumours spread quickly," Mr. Wilson said.

"In another environment where people live further apart from each other you don't have that happen."

From executives to secretaries, vast numbers of people in the cramped, money-driven

Hong Kong carry portable telephones or pagers, giving quick access to business and family connections — and the rumour mill.

The psychiatrist said the drive to make money had been heightened by anxiety over 1997 and a rush to secure foreign passports and the promise of better life.

"Money now means more to Hong Kong people," she said. "With money, they can emigrate."

But she said mob mentality had contributed to the bank panic and others before it: "To be last is to be inferior, a loser."

Hong Kong has a history of bank collapse. In the early to mid-1980s, panicked savers ran to pull their money from six banks, most based here.

In 1984, they even stormed a bank shop.

Rumours that Maria's Cakes, a well-known chain of shops, was about to go bankrupt swept the city, triggering a run by hundreds of Hong Kong Chinese, clutching gift certificates for sponge cakes and fruit tarts.

Today Maria's is still thriving, its fruit tarts usually sold out shortly after midday, its sponge cakes in closing time.

Hong Kong's Monetary Affairs Secretary David Wendick blamed the bank panic on "malicious lies" and public stupidity.

Financial analysts blamed

the government's swift reversal on the Hong Kong unit of Abu Dhabi-controlled Bank of Credit and Commerce International. The government shut BCCCHK branches here just two days after stating its confidence in the bank.

One young trader waiting to reclaim his savings Friday at Standard Chartered's head office said he no longer trusted government reassurances. "I trust my eyes and I see all these people here so I want to join them."

BCCCHK savers risk losing most of their money. The closure spurred brief runs three weeks ago on two Arab-controlled banks.

"The main reason for the panic is the bad behaviour of the government over BCCCHK," John Mulcahy, research director at Peregrine Securities, said.

"Now people in Hong Kong are very suspicious and cynical about any statement made by the government."

On Friday, the Hong Kong government injected 200 million H.K. dollars (\$25.6 million) into the banking system. Local bankers was to bolster confidence in the colony's banking system.

"When people start to mistrust, they feel safer to have their money in arm's length," Mr. Mulcahy said.

"And there are no rewards for being brave or foolhardy with your life savings."

Iran ready to buy U.S. maize

PARIS (R) — Trade between Iran and the United States is about to resume with the first sale of U.S. maize to Tehran since 1981.

French traders said Tehran had accepted this week to take delivery of up to 60,000 tonnes of maize, possibly more, from the United States, the world's largest corn exports.

Trade between the two countries came to a halt shortly after the Islamic revolution in 1979 deposed the Shah of Iran.

That year fundamentalist students seized the U.S. embassy in Tehran and held 52 people hostage for 444 days until the approval of Ayatollah Ruhollah Khomeini, the country's new leader.

"Iran, which has refused until now to buy from the U.S., agreed to buy one or two cargoes, or 30,000 to 60,000 tonnes, with an option for U.S. maize," a trader close to the deal said.

Exporters involved in the transaction said U.S. sales to Iran were not under embargo and therefore perfectly legal.

"The Iranians had been boycotting the U.S. but there has never been an embargo on grain sales to Iran," the trader said.

A U.S. embassy official in Paris confirmed that there were controls but no trade embargo.

Some traders said Iran may have bought more than 60,000 tonnes. One mentioned a possible volume of 150,000 tonnes. Tehran asked several traders to present offers for U.S. maize and this may have led to further sales.

In the past 10 years Tehran has imported some one million tonnes of maize a year, mostly from Australia and Argentina and occasionally the European Community, traders said.

Analysts see the deal as a clear but still timid signal of Iran's willingness to renew trade ties with the United States.

"Iranians are making a move towards the United States, but I wouldn't say it's a revolution," a political analyst said.

"The Iranians are opening up to Western countries and I believe it's a good move because the United States accounts for 90 per cent of the world maize trade," the trader said.

Ukraine halts private grain exports, fearing shortages

KIEV (Agencies) — The Ukrainian prime minister has said the republic will bar private citizens from taking grain and other goods to other Soviet republics under a new law designed to relieve food shortages.

The Ukraine, known as the Soviet breadbasket, also reintroduced ration coupons and ordered police to set up 95 new border posts and 152 mobile border units. The move came after Prime Minister Virolod Fokin warned of possible bread rationing this winter.

Few republics have taken the bold step of setting up independent border posts. Posts set up by the breakaway Baltic states last year have been attacked repeatedly, including a raid two weeks ago in Lithuania that left seven men dead.

Defending the decision in a television speech, Mr. Fokin said Saturday "those who want to see us as separatists should know that the Ukraine fulfills (nearly) all of its previously agreed deliveries" to other republics.

Mr. Fokin said the Ukraine was imposing restrictions because state-run collective farms were sending most of their produce out of the republic, the second most populous in the country.

The Ukraine needs 17 million tonnes of grain out of its expected 1991 harvest of 45 million tonnes.

But Mr. Fokin said the Ukraine had obtained only 6.2 million tonnes by early August, a figure he called a "danger signal."

"We are talking about big amounts of goods taken out of the republic which we need badly ourselves," Mr. Fokin said.

The new customs law permits export of goods only with proof they are fulfilling contracts for sales with other republics or with the Kremlin.

He said collective farms and farmers have been exporting surplus grain to other republics, particularly the neighbouring Russian Federation where wholesale prices are higher.

The law is aimed at halting the seepage of products into the black market or the country's multi-layered barter network, often the only places to find goods.

The Ukraine supplies a quarter of all Soviet food and a large percentage of its coal.

At the Ukrainian town of Batumi near the Russian border, police were seen turning back trucks loaded with refrigerators, samovars and car parts. Some loads were confiscated.

Travellers were allowed out with no more than one kilogramme of bread, half of kilogramme of butter and a half kilo of sausage. Checkpoints also were to be set up at air and rail terminals.

The law took effect at the same time the government reintroduced ration coupons to prevent citizens from other republics from taking advantage of low retail prices in the Ukraine.

The coupons were issued until last month after a long winter of shortages. Ukrainian Deputy Parliament Chairman Ivan Plyushch said citizens complained about empty shops when the coupons, issued with salary payments, were withdrawn.

'Farmers hold back grain'

Soviet farmers are refusing to sell grain to the state, threatening to disrupt the centralised food distribution network, a senior agriculture official says.

Sounding the alarm once again for the country's winter food supplies, state food procurement agency chief Mikhail Timoshishin told the Communist Party daily Pravda that farmers appeared to be in no hurry to hand over their grain.

"Everything depends on how we cope with the harvest and grain procurement. There is considerable cause for alarm," he said.

The Soviet grain harvest is almost at the half-way stage, with 84.5 million tonnes gathered. But only 19 million tonnes have been delivered to state storage facilities — a quarter of the total target for the year of 77 million tonnes.

Many farmers are reluctant to sell their crops for roubles which buy nothing in empty state shops. Some have made barter arrangements with industrial enterprises, while others are holding back sales in expectation of higher state prices.

"What is especially worrying is that the pace of bringing in the grain in the past five days was much slower than in the previous week," Mr. Timoshishin said.

The government has already ordered extra incentives, such as payment in hard currency at world market prices or scarce consumer goods, for grain sold over and above the state order.

President Mikhail Gorbachev is expected to issue a special decree on food supplies shortly, possibly combining better payment terms for crops with the threat of fines for those who fail to comply with state purchase orders.

Mr. Timoshishin said state purchases this year were two or three times slower than in previous years although negotiable prices are no offer for 30 per cent of the amount ordered.

He said the grain harvest, estimated at between 195 and 200 million tonnes, should be sufficient to meet food demand but only if it goes into state reserves.

The agricultural daily Selskaya Zhizn said farmers were turning their backs on the state because they had no confidence in the country's agrarian policies.

Soviet media said Thursday that arch-conservative Ivan Polozkov had been appointed first deputy agriculture minister. Mr. Polozkov, an opponent of radical market reforms, was ousted this week as leader of the Russian Federation's Communist Party.

Price rises predicted
Soviet retail prices for most goods are expected to rise in the wake of more expensive fuel costs, dealing another blow to the country's long-suffering consumers, the Russian Information Agency (RIA) says.

An official at the Soviet Oil and Gas Industry Ministry was quoted as saying wholesale oil prices could triple to 210 roubles per tonne (\$120 at the commercial exchange rate) as a result of reforms aimed at boosting output.

"This is the only way the (oil and gas) sector can somehow manage to survive," said the unnamed official.

"Naturally, they (the prices) will be higher than the existing ones," RIA said, adding that there would be a knock-on effect on fuel prices and most consumer goods.

Soviet inflation is currently running at about 100 per cent a year, according to some independent estimates, and state shops are unable to supply even the most basic consumer goods.

RIA said millions of Muscovites in cooperative housing would have to pay more than four times as much next year for heating and water.

U.N. help sought

The Soviet government will hold preliminary talks with U.N. experts on securing technical advice for its planned move to a market economy, the authoritative daily Izvestia said.

The newspaper said the cabinet had authorised the Foreign Ministry to discuss a possible cooperation deal with the United Nations Development Programme (UNDP) at a cost of \$1.7 million to the Soviet treasury.

In exchange, Moscow would receive advice on the transition to a market economy and on its stalled clean-up after the 1986 nuclear disaster at Chernobyl.

The move marks a further bid by the Kremlin to integrate its founding economy into the world community.

ECONOMIC NEWS IN BRIEF

German, Italian banks to lend Iran \$856m

NICOSIA (R) — German and Italian banks will lend Iran a total of \$856 million to help finance petrochemical projects, Tehran Radio quoted Oil Minister Gholamreza Aghazadeh as saying. The minister said Deutsche bank will provide 500 million marks (\$291 million) and Italian banks \$566 million. The loans were linked to separate contracts concluded between the national petrochemical company and Italian and German firms for the projects in the central city of Arak and Bandar Khomeini on the Gulf coast, he said.

NBC cuts staff, but network not for sale

NEW YORK (AP) — The president of the National Broadcasting Corporation (NBC) says more staff cuts are coming at the NBC television network, where steep ratings losses and a bad economy mean the loss of tens of millions of dollars this summer and fall. But the cuts are not being made to ready the network for sale, Robert Wright told NBC employees in a closed-circuit showing of a question-and-answer session with six staffers. There has been speculation that General Electric Company, which paid \$6.4 billion in 1986 for NBC and its parent RCA Corporation, wants to reduce the network's staff to make it attractive to a buyer, possibly a Hollywood studio. "The answer is no. It is not for sale," Mr. Wright said. Nor, he said, are other divisions of the National Broadcasting Corporation, which include the television stations division and the company's cable interests, including CNBC. Rival networks CBS and ABC also are retrenching because of lean times, lowered ratings and a poor advertising market.

Bulgaria: Libya agrees to oil-for-debt deal

SOFIA (R) — Libya will supply Bulgaria with more oil in lieu of debt payments, Bulgarian Foreign Minister Aranas Papanizov said. He told reporters after returning from Tripoli that the deal covered \$21 million that Libya owed the Bulgarian government. The newspaper Otechestven Vestnik reported Friday that Sofia still had to decide whether \$27 million interest on the debt should also be paid in oil. Libya is already paying in oil for \$284 million it owes the

Bulgarian trade organisation Technoexport. Mr. Papanizov said a Libyan tanker loaded with oil worth \$11.5 million was expected to arrive in Bulgaria this month.

S. Koreans seek part in N. Korean project

SEOUL (R) — South Korean big business wants to take part in a major river development project for communist North Korea, news reports said Sunday. The Chosun Ilbo and the Hankook Ilbo newspapers quoted industrial sources as saying the country's top business groups, including Hyundai, Daewoo, Samsung and Dong Ah, were seeking ways to take part in dredging work at the mouth of the Tumen River where the borders of North Korea, China and the Soviet Union meet. If the firms are successful, they will be the first South Korean companies to take part in a development project in North Korea since the end of the 1950-53 Korean war. The dredging work was needed to open a river route to help develop North Korea's territory around the Tumen River into a special economic district, the sources were quoted as saying. At a United Nations Development Programme (UNDP) conference in early July in Mongolia, North Korea invited South Korea to attend a multilateral meeting in China to discuss the river project. Officials at the South Korean Unification Ministry said the government was "very positively" considering attending the meeting in China due to be held from Aug. 27 to 31.

Oman's balance of trade rises

NICOSIA (R) — Oman's balance of trade in 1990 grew by 28.8 per cent to 3.177 billion riyals compared to 2.466 billion riyals in 1989, the Omani News Agency (ONA) said quoting a central bank statement. One Omani rial is worth about \$2.60. ONA said the value of the sultanate's oil exports in 1990 increased by 39.3 per cent to 1.934 billion riyals compared to 1.388 billion riyals in 1989. Non-oil exports grew by three per cent last year to 69 million riyals from 67 million riyals in 1989, it said. Fish topped the list of non-oil exports in 1990 to 17.3 million riyals followed by copper 12.7 million riyals, it said. Imports in 1990 increased by 18.2 per cent to 1.067 billion riyals compared to 910 million riyals a year earlier, it said.

China expects substantial progress on GATT bid

BEIJING (R) — A Chinese official negotiating Beijing's entry to the General Agreement on Tariffs and Trade (GATT) has said he expects substantial progress this year.

Li Zhongshou, quoted by the official China Daily on Sunday, also criticised Taiwan's efforts to join GATT, saying Taipei was indulging in wishful thinking if it thought it could get in without China's approval.

Mr. Li, who supervises GATT-related issues at the Ministry of Foreign Economic Relations and Trade, said China was working on a report about its economic

reform programme to submit to GATT later this year.

"The report will be a supplement to the earlier reports on our open policies and reform plans before 1989, and we have initiated more reforms in many aspects since then," Mr. Li said.

"We hope the coming 10th round of meetings will be the beginning of substantial progress," he said.

China's last attempt to join the group last September ended inconclusively.

Mr. Li said a nine-member team sent to Europe last month to promote China's GATT ap-

plication had had considerable success, and that another group led by Vice Foreign Minister Tong Zhiguang would travel to the United States next week.

China has lobbied hard to get back into GATT, which Beijing quit after the Communist government took power in 1949.

A slow-down in economic reform since the military crackdown on pro-democracy protests in June, 1989, has stalled the process, however. Some members doubt that Beijing can live up to GATT's goal of building a world free-market system.

China supported the admission

of Hong Kong, Britain's capitalist colony which returns to Chinese rule in 1997. But it has adamantly objected to plans for admission by rival Taiwan, which China views as a renegade province.

Taiwan, the vibrant capitalist island ruled by the nationalists since they were driven from China in 1949, submitted its application to join GATT as a separate customs territory on Jan. 1, 1990.

Mr. Li underscored Beijing's opposition to the plan, saying that Taiwan's leaders were muddying the issue by trying to win foreign support for their bid.

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3 reported killed; another PoW swap due in Yugoslavia

BELGRADE, Yugoslavia (AP) — Three people were reported killed Sunday in new fighting in Croatia, marring the ceasefire that has kept uneasy peace between warring Serbs and Croats.

But the federal presidency commission monitoring the fifth day of the ceasefire remained cautiously optimistic, saying another 20 of the several hundred people taken prisoner in the undeclared war should regain freedom Sunday.

The first five prisoners were swapped in a tense exchange late Saturday in Vinkovci in the east Croatian region of Slavonia, site of much of the fighting that has killed more than 200 people since Croatia declared independence on June 25.

Leaders of Serbia, the largest Yugoslav republic, say Croatia can leave Yugoslavia, but cannot take along Serbs or the territory they inhabit. Croatian leaders have vowed not to cede land to its

600,000 Serbs, 12 per cent of its population.

A Croatian television cameraman, Gordan Lederer, and another Croat named as Ivan Rokvic were killed in a two-and-a-half hour battle around the strategic town of Kostajnica Saturday night, Croatian Radio said.

The town south of Zagreb is a key to control of the Banija region separating ethnic Serb strongholds in western and eastern Croatia, and has seen fierce clashes in recent weeks.

Mr. Lederer was first hit by a bullet during a machine-gun attack before a mortar bomb caused him three more serious wounds, the radio said.

He died en route to hospital, the radio said. It added the federal army, which Croatia charges has backed the rebel Serbs, refused to send a helicopter to evacuate Mr. Lederer.

Irfan Ajanovic, a member of

the federal presidency commission overseeing the ceasefire, said he had no confirmation of the new deaths.

The third was reported Saturday by a Yugoslav cameraman who said he filmed Croatian security forces shooting at three armed Serbs attacking their position near Osijek in Slavonia. One of the three was shot dead, and the other two escaped, the cameraman said.

Mr. Ajanovic said about 20 more captives in the conflict should be freed Sunday, Serbs and Croats have not yet submitted complete lists of those captured, but several hundred people are believed to have been seized, he said.

The commission delayed sending truce monitors to Croatia Saturday after the Croatian government objected to the make-up of the groups, Mr. Ajanovic told a news conference. Talks were

scheduled in Zagreb Sunday to iron out the problems.

The hitbombs illustrated how hard it is to establish trust between the Orthodox Serbs and Roman Catholic Croats, Yugoslavia's two largest ethnic groups.

The recent fighting has caused tens of thousands of people on both sides to flee villages where they have co-existed for decades or even centuries. Many refugees vow never to live with other side again.

Political manoeuvring by Serbia's uncompromising president, Slobodan Milosevic, threatens to spread conflict to the central state of Bosnia-Herzegovina.

The republic has a mixed population, just over 40 per cent Muslim, about 30 per cent Serbs and 18 per cent Croat.

Mr. Milosevic has invited its leaders and those from Serbia's ally, Montenegro, to talks Monday in Belgrade on forming a new, smaller Yugoslavia.

Kaifu nudges China on human rights

PEKING (Agencies) — Japanese Prime Minister Toshiki Kaifu, the first leader of a major industrialised democracy to visit China since the bloody 1989 crackdown on dissent, asked Peking's hard-line leaders Sunday to respect human rights.

But Mr. Kaifu used vague and gentle language to avoid offending his hosts in Peking, Japanese officials said.

"Whatever the nation, upholding the fundamental human rights of its people and steadily undertaking political and economic reform based on the principle of politics for the good of its citizens is a path that will in the end strengthen the nation's ties with the rest of the world," Mr. Kaifu said.

"There should be complete agreement on the need to implement the wishes of the majority, or to understand accurately the will of the people and to represent that will in the political process," he told an audience of Chinese dignitaries at the Sino-Japanese Youth Exchange Centre.

Mr. Kaifu, who arrived amid much fanfare Saturday, has by his presence given China a much needed boost and ushered it out of the diplomatic wilderness it has been in since the June, 1989 crackdown on pro-democracy demonstrators.

His first stop Saturday was to shake hands with Premier Li Peng, the man considered by Chinese citizens among those most responsible for ordering troops to crush the unrest.

He reviewed a guard of honour and received a 19-gun salute with in sight of Tiananmen Square, where student leaders of the 1989 protests made their headquarters. On Sunday he returned to Tiananmen to lay a wreath on the monument to the people's heroes, a tribute to the revolutionary martyrs who died during the civil war.

The Japanese leader applauded China's announcement Saturday that it would sign the nuclear Non-Proliferation Treaty (NPT). China will be the last major nation possessing nuclear weapons to become a signatory.

"I salute this as an epochal step on China's part towards the common goal of the international community to strengthen the regime of nuclear non-proliferation," Mr. Kaifu said.

He urged China to participate in Japan's efforts to pass a United Nations resolution which would require nations which export arms to report all transactions to the world body.

Mr. Kaifu also reported Tokyo's apologies for invading China prior to World War II and pledged that Japan will not return to its militarist past.

"The Japanese people are determined never again to make war," he said.

Mr. Kaifu also outlined Japan's vision of a new world order — one that differs from China's view.

"The new international order we seek is one where peace and security are ensured, where freedom and democracy are respected, and where world prosperity is guaranteed through open market economies," Mr. Kaifu said.

China's exports of conventional arms to developing nations and especially to the Middle East have become a major concern for developed nations, particularly the United States.

The Japanese leader expressed reluctance to pressure China too much, preferring a gentler approach.

Yeltsin to send envoys to provinces

MOSCOW (R) — Russian Federation President Boris Yeltsin has outlined plans to send personal envoys — "The eyes and ears of the emperor" — throughout his vast republic to oversee implementation of his radical reform programme.

Mr. Yeltsin, in a speech to trade union leaders broadcast Saturday by Radio Russia, dismissed charges by his opponents that he was chauvinistic or authoritarian. The representatives could not directly interfere in local matters, he said.

"(The envoys) role, since you use that term yourselves, is to be the eyes and ears of the emperor," Mr. Yeltsin said.

"We wanted to call him a governor-general, and you could call him a governor-general. That is a Russian word and not so bad — at least it isn't a burgenmeister," he said in reference to the German word for local leader.

"But if it embarrasses anyone, let it be 'the president's representatives'," Mr. Yeltsin said.

Mr. Yeltsin, the first directly-elected president in Russian history, said each representative would have a staff of about three people. The first 15 would be appointed this week.

Zviad Gamsakhurdia, president of the southern Republic of Georgia, has been accused of having dictatorial ambitions over his use of personally appointed prefects to ensure obedience from conservative local leaders.

Mr. Yeltsin accused Soviet President Mikhail Gorbachev of failing to take swift action to improve conditions in the Tumen oil fields of Siberia.

He said that when Russia, biggest and most powerful of the 15 republics, signs a union treaty on Aug. 20 the authority of central Kremlin institutions such as the oil ministry will cease on Russian territory.

He would then designate extra help to Tumen, source of 60 per cent of Soviet oil, to restore order in fields plagued by decay and mismanagement.

Central Soviet authorities

Albanian refugees, Italian police fight running battles

BARI, Italy (R) — Italian police and troops firing tear gas fought Albanian refugees running sticks and stones on the Bari quayside Sunday. Many people on both sides were injured.

It was by far the worst clash between police and refugees since some 10,000 Albanians arrived in southern Italy three days ago aboard a freighter.

The Albanians, who have had little to eat or drink since fleeing their impoverished homeland last week and who face forced repatriations, rioted when police began distributing breakfast.

As reinforcements arrived at the docks the police and soldiers appeared to have control of about 2,000 refugees who have been cramped there in squalid conditions since Thursday.



Boris Yeltsin

would maintain control only on agreed areas such as railways, defence and borders.

Russia and two other republics are expected to sign the union treaty — setting out the future shape of the Soviet Union — at the end of the month. Six other republics are expected to join them later in the year, while six more, including the three Baltic republics, demand outright independence.

Until the new Soviet Union is formally created by adoption of a constitution there could, however, be continued disputes between Mr. Yeltsin and Mr. Gorbachev over the sharing out of powers.

In the troubled southern region of Nagorno-Karabakh, a communist party official was shot dead Saturday by a gunman firing from a white saloon car, Soviet News Agency (TASS) said.

Hundreds have died in conflict between the republics of Armenia and Azerbaijan over Nagorno-Karabakh. The territory is ruled by Azerbaijan but is populated largely by Armenians.

In the separatist Baltic Republic of Lithuania, about 1,000 nationalists demonstrated outside the headquarters of the Moscow-controlled Omon elite police unit, which has carried out numerous attacks on Lithuanian border posts in recent months.

The demonstrators danced and sang folk songs as Omon guards patrolled with dogs and took photographs.

Many Lithuanian nationalists suspect Omon carried out a border post attack on July 31 in which seven unarmed guards were killed in execution-style killings. One survived but is still too ill to give a full account.

Man buries wife in home garden

CAIRO (AP) — When his 70-year-old wife died last week, he buried her in their home garden instead of the family's cemetery. Love was the explanation.

How to meet after death was the idea that preoccupied the couple's minds during most of their 25 years of marriage, the 60-year-old husband told police investigators, according to a report in the Sunday edition of the Cairo daily Al-Akhbar. They finally agreed that the garden was the best place. It was the scene of their living together. Whoever dies first should be buried in the garden and the other should leave a will asking to be buried in the same place, their love accord said.

Police let the man go after an autopsy report said the death resulted from natural causes. The body of the dead woman was dug out three days after a brother told police of his sister's disappearance. The man wept hysterically as his wife's body was being taken to the family's cemetery, the newspaper said.

Villagers sacrifice

animals, ask gods to halt epidemic

KATMANDU (AP) — Villagers have sacrificed more than 200 buffaloes and goats, saying they are trying to appease the gods and halt a gastroenteritis epidemic that has killed 900 this summer, a newspaper said.

The residents of the remote Achham region of western Nepal plan to sacrifice 500 more animals, the Samaj newspaper said. More than half the people who died in the epidemic live in Achham. Like the rest of Nepal, Achham is predominantly Hindu.

Stamp to commemorate ballerina

PANAMA CITY (R) — Margot Fonteyn, the British prima ballerina who died earlier this year in her adopted home of Panama, will be commemorated on a Panamanian postage stamp.

The stamp, to be issued later this year, will feature a 1955 portrait of Fonteyn by Italian artist Pietro Annigoni that hangs in the national gallery in London, officials said. Fonteyn, who dominated the world of ballet for three decades, first came to Panama in 1955 after marrying Roberto Arias, a Panamanian lawyer and politician. She died in February at the age of 71 after a long battle with cancer. A spokesman said Ana Mae Chen de Endara, wife of President Guillermo Endara, had requested the stamp as a tribute to Fonteyn.

Canadian plans to sell bottled icebergs

ST. JOHN'S, Newfoundland (R) — A Canadian businessman plans to turn icebergs into bottled drinking water. His company will use a ship to scoop up icebergs weighing up to 30 tonnes off the eastern province of Newfoundland and bottle them in a former brewery which dates back to 1790.

"We have got markets in the United States and the Caribbean," president of Avalon Water, Ron Stamp, said Tuesday. "We've already got 600,000 cases back-ordered." Icebergs regularly break off Greenland glaciers and float south off Newfoundland, but this year three have been extraordinary numbers because of prevailing winds. The first cases of 24 bottles of "Canada Ice" water should be shipped by September. "The first year we will sell about 700,000 to a million cases," Mr. Stamp said.

Vatican: Drug addiction is grounds for annulment

VATICAN CITY (R) — Drug addiction is a valid reason to annul a Roman Catholic marriage, a Vatican canon law expert said. The Catholic Church rejects divorce but grants annulments, effectively meaning the marriage never took place, if a serious defect is proved in the original exchange of vows or their consummation. The Vatican's sacred Roman Rota, which handles the most difficult annulment cases and appeals, ruled on the drug case last year. It was made public in the new Vatican yearbook released this week. The yearbook, which did not give details, said the court ruled that addiction to narcotics by one of the spouses could be used as valid grounds to declare the marriage null because it impaired the judgment of the couple at the time of the contract.

Japan plans military shopping spree next year

TOKYO (R) — Japan's Defence Ministry, after budget cutbacks to help pay for Tokyo's Gulf war contributions, plans a shopping spree next year that includes three U.S. patriot missile systems, Kyodo news agency said Sunday.

Defence officials, drawing up budget requests, will ask for about 4,600 billion yen (\$33.8 billion) in fiscal 1992 beginning next April, Kyodo said.

The figure is 5.38 per cent more than the 1991 budget allocation.

The shopping list includes items originally scheduled for

purchase in the current fiscal year, including Patriot missile systems of the kind used in the Gulf war.

Defence officials were forced to cut back their 1991 purchases after Tokyo allocated 100 billion yen (\$735 million) from the defence budget to contribute to the (\$9 billion) that Japan pledged for U.S.-led forces arrayed against Iraq.

Other items slated for purchase next year include 11 U.S.-designed F-15 warplanes, two destroyers, two anti-submarine aircraft and one submarine, Kyodo said.

Bomb kills 2 at Philippines missionary performance

ZAMBOANGA, Philippines (AP) — A grenade that exploded during the farewell performance of a visiting Christian missionary group, killed two foreigners and wounded 20 other people, officials said.

Police said the motive for the Saturday attack was unknown. But local government sources said it may have been in retaliation for anti-Islamic remarks allegedly made by one of the missionaries during a visit Friday to a university with a large Muslim student population.

Witnesses said the blast occurred near the end of an entertainment programme in front of the Philippine Ports Authority office at the city wharf.

The 250 missionaries, who come from 34 countries, arrived

on July 31 from Hong Kong to sell religious books and tracts.

They were to sail Sunday for Malaysia.

Police identified the dead as Karen Goldsworthy, 19, of New Zealand and Maaza Sofia Siegfriedson, 19, of Sweden.

The injured also included Filipinos, Swiss, Canadian, American, Irish, Swedish, Vietnamese, Sudanese, German, and Papua New Guineans.

The programme was organised by Operation Mobilisation of Mosbach, Germany, a Protestant Evangelical group.

Mayor Vitaliano Agan said the missionaries were to have performed in front of the city hall but changed the venue at the last moment without his knowledge because of inclement weather.

Laos sympathises, but says no MIAs in the country

VIENTIANE (R) — Laos understands the American belief that U.S. servicemen missing from the Indochina war could still be alive in remote parts of the country but does not think any could have survived, a government official says.

Vice Foreign Minister Souphanh Sritthirath said his government was not holding any American prisoners from the war that ended 16 years ago and had absolutely no interest in doing so.

"But our country is mountainous and the density of our population is less than 20 per square kilometre," he said. "Maybe there are, according to the Americans to be clear, some Americans alive in the forests, we don't know. That is why we cooperate with the United States in this humanitarian issue."

"But according to our information, according to our searches, there is no sign of any alive in Laos."

Asked Saturday if it was conceivable that tribal people in remote regions could be holding Americans in the hope of winning rewards offered by private U.S. pressure groups, he said: "I don't believe it, because the living of the minorities in our country is very precarious. It is very difficult for a (Westerner) to live with the conditions, in the malaria zones and so on."

Mr. Souphanh said there was, perhaps, some political motivation in the United States behind the recent publication of photographs purporting to show airmen still alive after being declared missing in action during the war.

He said the Americans themselves had recorded the deaths of three airmen supposedly shown in one widely circulated photograph that bore the date 1990. Two were shot down in Laos and the other in Vietnam.

"How can people killed before 1990 take a photo together?" Mr. Souphanh said.

U.S. officials said they had to act on such photographs, especially when family members had identified their missing relatives in them.

"When reports come in we can't disprove, we have to do everything we can to investigate them," said a U.S. official who asked not to be named.

The U.S. Defence Department has indicated that some recently-surfaced photographs were probably hoaxes.

U.S. government investigators in Bangkok say they have received thousands upon thousands of MIA reports, most of them from Lao refugees in Thailand wanting to resettle in the West.

As of July 1, Washington listed 2,273 of its servicemen as missing in Laos and neighbouring Cambodia and Vietnam. U.S. government researchers have established that almost all of these men died during the war. Only the fates of several dozen remain mysteries.

Most of the more than 500 listed as missing in Laos were airmen who helped drop millions of tonnes of bombs on Communist supply lines during the war. It was one of the biggest bombardments in history.

U.S. officials trying to account for the missing in Laos say cooperation with the Vietnamese government is generally good, but their efforts are slowed by difficulties in reaching remote areas, where many aircraft came down.

Several years of efforts have led to recovery of only a few dozen sets of remains. The four million people in Laos are spread over an area about the size of Britain and much of the country is mountainous and forested. Communications are poor and the few roads that exist often peter out on the outskirts of settlements of any size.

Search efforts have also been hampered by the widespread looting of crash sites by poor villagers.

Peruvian rebels kill 2 Polish priests, 3 mayors

LIMA (R) — Maoist guerrillas raided two northern Andean towns killing two Polish priests and two Peruvian mayors, authorities said Saturday.

A third mayor and a municipal aide were killed by leftist guerrillas in another northern region, they said.

Officials described the killing of the priests as the latest attack on religious or foreign aid workers in Peru.

Attackers believed to be members of the Shining Path guerrilla group entered the town of Parícut in the region of Ancash, killing Michal Tomaszek, 32, and Zbigniew Strzalkowski, 38, the officials said.

Reverend Antonio Culebras, who works in the Catholic Church's diocesan office in Chimbote some 390 kilometres north of Lima, said the two members of the Polish Franciscan Order had been working in the town for about a year and had received a threat from Maoist guerrillas in recent weeks.

"We imagine it was a terrorist attack and Shining Path is the group that operates in the zone."

(The priests) were working very well. The people adored them," said Culebras.

A police official said that the guerrillas captured the priests, Mayor Justino Leon Masa and an Italian nun, taking them about a mile outside the city where they shot the men to death. They later released the nun.

They dynamited the town's church and then went on to raid the nearby town of Cochabamba, killing Mayor Domingo Padilla as well.

In July, Shining Path killed three Japanese technicians and suspected guerrillas shot a Spanish priest. Two months earlier an Australian nun and five Peruvians were shot by suspected guerrillas and two workers for the Evangelical aid organisation World Vision were killed in Lima.

In a separate incident Saturday, leftist guerrillas killed the mayor of another northern town and a municipal aide while they were performing a mass wedding at an agricultural cooperative, a police official in the town said.

9 killed at Buddhist temple in Arizona

PHOENIX (AP) — Nine people, including several monks, have been found slain in a Buddhist temple that serves as a community centre to the city's Thai residents.

All were found shot to death in one room Saturday, said Maricopa County Sheriff Tom Agnos. The dead included an elderly woman and a man in his early 20s, Sheriff Agnos said.

Investigators at first said seven were monks but later said the number of monks was uncertain.

Temple worshippers at the scene said one of the dead was a young man who had recently immigrated from Thailand and had just been initiated into the order. The temple has gold and jade statues, leading to speculation that robbery was the motive, but Sheriff Agnos said it was too early to be sure. Department experts in Asian gang violence were investigating at the scene.

The temple is in a remote area surrounded by cotton fields about 30 kilometres from downtown Phoenix. A sign identifies it as Promkunaram Wat and also says Buddhist temple.

Sheriff's spokesman Doane Brady said everyone known to be staying on temple grounds was killed. The bodies were found in a living room of the complex.

About 100 grief-stricken tem-

ple members gathered at the scene and stayed there throughout the day.

One of them, Jerry Hastings, 19, said his grandmother is a Buddhist nun who had been living at the temple. He believed she was dead because officials told his mother that no one was found alive inside.

The mourners — most of them Thai — weathered 100-degree F (37 C) heat in their vigil. They and reporters were kept several hundred metres from the temple, which appeared to be a one-story building flanked by shrubbery.

Worshippers said only six of the temple's monks were in town. They said an elderly woman and two young men or teenagers had been undergoing a three-week training programme to self-discipline and self-awareness at the temple.

A ceremony marking completion of the training was to have been held Sunday, said Robert Johnson whose wife, Bupha, is a worshipper.

The church was frequented by a tight-knit group of Thais, plus some Laotians and Vietnamese, who came to this country after marrying American servicemen.

The temple — associated with the Thai sect of Buddhism — was used as a place to worship and socialise.

German history is battleground over reburial of Prussian kings

BERLIN (AP) — The debate over the reburial of two 18th-century Prussian kings reached the level of rolling thunder this weekend in Germany.

Is Frederick the Great a "towering figure" in German history? Yes, said Chancellor Helmut Kohl in his first statement since taking office last week.

Frederick's participation in next Saturday's ceremony permitted to attend the reburial in uniform? A Cologne court said yes, ruling that the ceremony is not a political demonstration, as a clergyman had contended in a suit seeking to block a military honour guard at the funeral.

Today's leader of the Hohenzollerns, the once-royal family of Prussia and later of the German Empire that lost World War I, Louis Ferdinand, prince of Prussia, had what seemed like a simple task to rebury his illustrious ancestors in Potsdam where they originally were buried.

The remains of King Frederick

William I and his son, Frederick the Great, had been moved for safety during World War II and ended up at a Hohenzollern Castle in southern Germany.

Potsdam, meanwhile, became part of East Germany, which derided Prussia as a symbol of militarism.

The unification of east and west Germany last October made it possible for Louis Ferdinand to plan to transfer the two stone coffins to Potsdam, where Frederick the Great had built a magnificent Rococo summer palace.

Mr. Kohl accepted an invitation to attend as a family friend, and controversy spread over the symbolism of it all.

The left-leaning Social Democratic Party said Mr. Kohl's attendance could glorify Prussian militarism and send the wrong signal to Germany's neighbours, especially Poland, which was invaded by Frederick the Great

soon after he succeeded his father.

A Lutheran Church in Potsdam declined to let its memorial service for the two kings be broadcast, fearing it might increase right-wing tendencies that already are rearing up in eastern Germany with attacks on foreigners.

Mr. Kohl was silent on the controversy until he issued a statement Friday declaring the reburial of the kings should be taken as a symbol of German unification.

"We are again a united people with a common responsibility for our history. One way this can be symbolised is that the sarcophagus of Frederick the Great can be transported in state to the place laid down in his will," Mr. Kohl said.

Frederick was a "towering figure in Prussian and German history," Mr. Kohl said, and it was natural for him to attend the

reburial.

The trouble is, Frederick the Great was at best an enlightened despot by today's standards.

The Prussian king, who ruled 1740 to 1786, had both good and bad sides, Mr. Kohl said. A drive for power and absolute rule through war, as well as tolerance and a concern for justice.

Frederick invaded Poland and broke treaties as he liked, but he also abolished torture and censorship, supported the arts and education, and established independent courts and efficient administration.

Almost a century after his death, Germany was united under Prussian rule, and its militarism was one of the causes of World War I. Hitler glorified it, and after World War II, the victorious allies dissolved Prussia as a German state.

German newspapers report that Poland is uneasy about increased emphasis on Prussia in

reunited Germany.

A columnist in the mass-circulation Bild daily wrote Friday that Mr. Kohl had nothing in common with militaristic Prussian kings and shouldn't take part in the ceremony.

"Whoever thinks that Frederick's business (aggressive war) corresponded to the spirit of his time could as well consider honouring Genghis Khan," Hans-Hermann Tiedje wrote in Bild.

The sister weekly Bild Am Sonntag carries an interview Sunday with Louis Ferdinand defending the use of live television to cover the reburial, even though Frederick the Great said he wanted to be buried at midnight with no pomp and ceremony.

"I believe Frederick the Great would have said, with his great tolerance, if the television wants to be there, then let it be there," Louis Ferdinand was quoted as saying.